

# WATER EMERGENCY TRANSPORTATION AUTHORITY

The logo for WETA (Water Emergency Transportation Authority) features the word "WETA" in a bold, italicized, sans-serif font. Above the text are three horizontal lines: a thick top line, a thin middle line, and a thick bottom line. The bottom line is wavy, resembling water.

## Members of the Board

Charlene Haught Johnson, Chair  
Anthony J. Intintoli, Jr., Vice Chair  
Gerald Bellows  
Beverly Johnson  
John O'Rourke

## MEETING AGENDA FOR THE WETA BOARD OF DIRECTORS

Thursday, January 6, 2011 at 7:00 P.M.  
**City Council Chambers**  
**Alameda City Hall**  
2263 Santa Clara Ave  
Alameda, CA

## **NOTE: TIME AND LOCATION CHANGE**

*The full agenda packet is available for download at [www.watertransit.org](http://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. Legislative Update                    |                    |

**Water Emergency Transportation Authority  
January 6, 2011 Meeting of the Board of Directors**

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| 6. <u>CONSENT CALENDAR</u><br>a. Minutes December 2, 2010<br>b. Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2009/10   | <b>Action</b>  |
| 7. <u>AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A BAREBOAT CHARTER AGREEMENT WITH THE CITY OF VALLEJO FOR THE USE OF THE VESSEL SCORPIO</u>  | <b>Resolution</b>  |
| 8. <u>APPROVE THE PURCHASE OF MARINE TERMINAL OPERATIONS AND PROPERTY INSURANCE POLICIES FOR MAIN STREET AND HARBOR BAY FERRY TERMINALS</u>   | <b>Resolution</b>  |
| 9. <u>AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A FUNDING AGREEMENT WITH THE ALAMEDA COUNTY TRANSPORTATION COMMISSION FOR MEASURE B SALES TAX FUNDS TO SUPPORT ALAMEDA FERRY SERVICES</u>  | <b>Resolution</b>  |
| 10. <u>PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS RELATED TO MODIFYING AND ADOPTING FARE STRUCTURES FOR ALAMEDA/OAKLAND AND HARBOR BAY FERRY SERVICES</u>  | <b>Timed Item<br/>7:30 P.M.</b>  |
| 11. <u>MODIFY AND ADOPT FARE STRUCTURES FOR ALAMEDA/OAKLAND AND HARBOR BAY FERRY SERVICES</u>   | <b>Resolution</b>  |
| 12. <u>UPDATE ON REQUEST FOR PROPOSALS FOR WATER TRANSIT SYSTEM OPERATION</u>   | <b>Information/Action</b>  |
| 13. <u>RECESS INTO CLOSED SESSION</u><br><br>a. <u>CONFERENCE WITH REAL PROPERTY NEGOTIATORS</u><br>Property: City of Vallejo ferry terminal related property/assets<br>Agency Negotiators: Nina Rannells, John Sindzinski and Keith Stahnke, San Francisco Bay Area Water Emergency Transportation Authority<br>Negotiating Parties: City of Vallejo<br>Under Negotiation: Terms and conditions to the transfer of property/assets with the City of Vallejo for the Vallejo Baylink Service<br><br>b. <u>CONFERENCE WITH REAL PROPERTY NEGOTIATORS</u><br>Property: City of Berkeley ferry terminal related property<br>Agency Negotiators: Nina Rannells and John Sindzinski, San Francisco Bay Area Water Emergency Transportation Authority<br>Negotiating Parties: City of Berkeley<br>Under Negotiation: Terms and conditions to the cooperative agreement/lease with the City of Berkeley for Berkeley service | <b>Action<br/>To Be Determined</b><br><br><b>Action<br/>To Be Determined</b> |
| 14. <u>REPORT OF ACTIVITY IN CLOSED SESSION</u><br>Chair will report any action taken in closed session that is subject to reporting at this time. Action may be taken on matters discussed in closed session.  | <b>Action<br/>To Be Determined</b>   |
| 15. <u>OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u>   |  |

**Water Emergency Transportation Authority**  
**January 6, 2011 Meeting of the Board of Directors**

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ADJOURNMENT

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](mailto:contactus@watertransit.org) or call (415) 291-3377 at least five (5) days before the meeting. 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 Gov't. Code sec. 84308 and to applicable regulations.

**MEMORANDUM**

TO: WETA Board Members  
FROM: Nina Rannells, Executive Director  
DATE: January 6, 2011  
RE: Executive Director's Report

**PROJECT UPDATES**

**Service Transition Implementation** – The Transition Plan guides the consolidation of the Vallejo, Alameda/Oakland and Harbor Bay ferry services under WETA, and presents a five year financial outlook of WETA operating and expansion activities. The WETA Board of Directors adopted the final Transition Plan on June 18, 2009, in compliance with Senate Bills 976 and 1093 requirements.

Alameda City Council approved the Transition Agreement at their regularly scheduled Council meeting on October 5<sup>th</sup>, and the WETA Board of Directors approved the agreement on October 7<sup>th</sup>. Legal counsel and staff are working to finalize the document for execution in the coming weeks, and continue to work on necessary due diligence and pre-closing activities.

WETA and City of Vallejo staffs are meeting regularly to discuss terms and details of the Vallejo service transition. In addition, WETA and City of Vallejo staff have begun meeting periodically with a larger group, including Metropolitan Transportation Commission and Solano Transportation Authority representatives, to review the progress of our work and discuss any larger county and/or regional issues that have been identified associated with the transition. These discussions are all in support of bringing forward a final Vallejo service transition agreement for Board consideration in March 2011.

**Emergency Water Transportation System Management Plan (EWTSMMP)** - This plan sets a framework for WETA coordination of emergency response and recovery efforts using passenger ferries and will provide a detailed definition of WETA's roles and responsibilities for incident planning, response, recovery and restoration of normal operations. The WETA Board of Directors adopted the final Emergency Water Transportation System Management Plan on June 18, 2009, in compliance with the requirements of Senate Bills 976 and 1093. Preparation of the EWTSMMP and the Emergency Operations Plan (agency's internal plan) are complete.

Staff continues to attend regional emergency response meetings with staff from MTC, emergency management agencies, and other Bay Area transit properties to coordinate and prepare for disasters and to revise agency response plans.

**Vessels** - Two 149-passenger vessels, *Gemini* and *Pisces*, and two 199-passenger vessels, *Scorpio* and *Taurus*, have been constructed by Nichols Brothers Boat Builders and Kvichak Marine Industries, for use in WETA services and to expand WETA's emergency response capabilities. These vessels are all currently chartered to the City of Alameda for utilization by their service contractors in Bay Area services. An item on the January 6, 2011 agenda would serve to shift one

of these vessels for use by the City of Vallejo, under a bareboat charter agreement, for use as a back-up vessel during the up-coming repower of two of the Vallejo service vessels.

**South San Francisco Ferry Service** - This service will provide access to biotech and other jobs in South San Francisco for East Bay commuters and expand the geographic reach of emergency ferry transportation response capabilities on the San Francisco Bay.

Construction of the float is well underway at Manson's yard in Richmond while final preparations are being made to start pile driving for the terminal at Oyster Point. The project remains on schedule and within budget.

**Berkeley Ferry Service** – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. BCDC staff has indicated a preference to have WETA reduce public access parking at the terminal site. WETA staff, the project designer and environmental consultants along with representatives from the City of Berkeley met with BCDC staff to discuss the amount and location of the public access parking at the site now and where it could be relocated once the ferry terminal is built. WETA staff intends to review other options to the public access parking in an attempt to meet their concerns.

**Treasure Island Service** – This project, implemented by Treasure Island Development Authority (TIDA), the Mayor's Office of Economic and Workforce Development and the prospective developer, will institute new ferry service between Treasure Island and downtown San Francisco. WETA has served as the lead agency in securing design services for the future ferry terminal on Treasure Island and is working in partnership with TIDA to move this project forward.

**Downtown San Francisco Ferry Berthing Expansion** - This project will expand ferry berthing capacity at the San Francisco Downtown Ferry Terminal to accommodate expanded regular and emergency response ferry services. The current capacity at this terminal can only sustain the addition of the Berkeley-to-San Francisco route; any other route will require further terminal capacity.

Staff and the project designer have considered initial stakeholder feedback and developed a preliminary concept design for the project. Staff met with FTA in December to review NEPA requirements for the project and has instructed the environmental consultant to begin preparation of a NOP/NOI in accordance with CEQA and NEPA guidelines in order to initiate agency and public scoping meetings early in 2011.

**Pier 9 Berthing Facility** - This project would construct two layover berths for mooring and access to ferry vessels on Pier 9 alongside the northern pier apron and adjacent to the WETA Administrative Offices. The construction contract with Manson was signed in November and a limited Notice to proceed was issued for the final design work.

**Central Bay Operations and Maintenance Facility** - This project will develop an operations and maintenance facility at Alameda Point to serve basic vessel fueling, maintenance, shop, warehouse, storage and emergency operations needs for WETA's future fleet of central bay vessels.

The environmental consultant has prepared a Draft Initial Study/Mitigated Negative Declaration which staff intends to release for agency and public review early this year. NEPA clearance of the project will be initiated pending consideration and approval of a Mitigated Negative Declaration for this project.

**Hercules Environmental Review/Conceptual Design** - WETA is working cooperatively with the City of Hercules to prepare the necessary environmental documents to support new ferry service in

coordination with a Capitol Corridor commuter train station (and local feeder bus service) in a new Water Transit Oriented Development (WaTOD) planned for construction at the Hercules waterfront.

**Antioch, Martinez, Richmond and Redwood City Environmental Assessments/Conceptual Design** – This project involves completing environmental and conceptual design documents for potential future ferry services in Antioch, Martinez, Redwood City and Richmond.

Pursuant to Board authorization, staff has initiated negotiations to execute contracts with KPFF, Inc. and Marcy Wong and Donn Logan Architects to provide conceptual design services for the Antioch, Martinez, Richmond, and Redwood City terminal projects. Staff anticipates executing these contracts by January 2011 and scheduling project kick-off meetings with the design team, environmental review team, and city/port representatives for each project later this month.

**Ridership Forecast Model Update** – This project will update the existing ridership forecast model developed by WETA in 2002 to generate new ridership forecast projections based on the most recent transportation and demographic data available from AGAG, MTC and local land use jurisdictions.

The consultant for this project has updated the existing ridership forecast model database to include new socio-economic projections for year 2035. This data will be reviewed with local municipalities, as applicable, before new ridership projections are generated.

**Clipper Fare Media Implementation** – WETA is coordinating with MTC to implement Clipper fare media on the future South San Francisco ferry service and potentially on existing ferry services that will be transitioned to WETA from the Cities of Alameda and Vallejo.

On December 8, 2010 staff met with MTC and the Clipper vendor to tour the Clipper facilities and further discuss WETA's proposed implementation. Staff is in the process of securing the services of a specialized consultant through WETA's list of on-call consultants to assist staff with this project. Staff will continue to coordinate with MTC to refine plans to implement Clipper in advance of beginning service at the South San Francisco ferry terminal.

#### **UPDATE ON RELEVANT PROJECTS IMPLEMENTED BY OTHER AGENCIES**

**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 will consolidate local, regional and commuter bus services and a 1,200 space parking garage for ferry patrons and the general public.

Design of Phase A of the parking structure is 100% complete and all funding sources for Phase A of the Program have been secured. Construction of the parking structure commenced on June 1, with an expected construction completion date of February 2012. Excavation of the site is 90% complete and the shoring wall, storm drain and pump vaults are installed. The first major concrete pour began on November 5, and footings and columns are now going up.

Meetings with USPS personnel regarding relocation are still underway and a potential relocation site has been identified. Escrow has been closed on the underlying USPS Parcel which is now owned by the City. Design of Phase B of the Parking Structure is in the final design stage with the construction start date being dependent on the relocation of the post office property and full funding for this phase.

Site work and utility construction is complete on the Bus Transit Center, structural steel has been erected, internal and external framing is complete, the HVAC system is installed, and interior dry wall and plumbing are complete while paint, tile and flooring are starting. Exterior siding is currently being installed on the building and brick flatwork has begun. The base pad has been paved and

poured and the shelter structures have been erected but not fully installed. Construction is currently at 80% completion. The project schedule shows an April 2011 completion date but the contractor has indicated that the project could be substantially completed in December 2010.

**Mare Island Ferry Maintenance Facility** – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in three phases. Phase 1 constructs a 48,000 gallon fuel storage (2 week supply) and delivery system. Phase 2 includes construction of a system of floats and piers to initially berth 6 vessels but designed in a modular fashion to accommodate future growth of the fleet, demolition of Building 855, and construction of a new warehouse/shop in its place. Phase 3 will renovate Building 165 into a permanent office and shop space (including lead dust abatement), and security installations. The design consultants, Winzler & Kelly, finished the conceptual design for all three phases in August 2005.

In anticipation of WETA taking over ferry operations from the City of Vallejo, WETA Staff reviewed the project in early 2009 and recommended that five specific areas of the plan be re-studied/amended including fuel tank storage options, modular construction of vessel berths, options to address BCDC global warming criteria, re-examining if continuing renovation of building 165 is optimal and revising lead dust abatement cost estimates.

Lennar (landlord of the site) and City of Vallejo, in consultation with WETA, produced a 95% clean draft of the Facilities Agreement Lease on October 21<sup>st</sup> and this was forwarded for legal review by the City and WETA. Review is still pending, and Lennar forwarded an Assignment agreement to the City and WETA for review on December 17<sup>th</sup>. Finalization of this agreement is a critical path element of the project in order to meet critical project funding deadlines.

The City Engineer and Ferry Staff completed a walk-through of the parcel with Lennar on May 13. Verbal agreements were reached regarding a slight reorientation of the southern parcel line to maximize utility of the site. A drawing showing the revised parcel line has been prepared by Winzler & Kelly and forwarded to Lennar for inclusion in the 95% Facility Agreement Lease.

Marcy Wong – Donn Logan Architects have submitted several planning documents to the City of Vallejo Planning Department concerning the project:

- Historic Evaluation of Building 165
- Application for Certificate of Appropriateness
- Planned Unit Development Permit Application
- Request for a Finding of Reasonable Necessity for Demolition of Building 855

The project application went before the Architectural Heritage and Landmarks Commission at their meeting of November 18<sup>th</sup> and the applications were approved with very minor comments.

Work continues on the plans and specifications package for the Phase 1 Ferry Fueling Facility and Phase 2 Waterfront Infrastructure. The consultant team, being led by Winzler & Kelly, expects to have the 100% package completed for City and WETA review by the end of February 2011. A 50% contract document package was provided to the City, WETA and Lennar on December 7<sup>th</sup> and comments are being fed back to the design team.

The United States Coast Guard has provided a Letter of No Concern regarding the project impacts to the federal navigable channel in Mare Island Strait. This letter has been forwarded to the United States Army Corps of Engineers (USACOE). The USACOE has conducted a policy search to confirm that there is no regulation that applies to this situation, and that no specific permit from the USACOE will be required.

Winzler & Kelly has now turned their attention to the remaining environmental and permitting work. They will be preparing a Subsequent Mitigate Negative Declaration (S-MND)) in support of an updated CEQA for the project. This work is expected to be complete in January 2011. In the meantime Winzler & Kelly will be getting all other required permits teed up so that CEQA work will enable all other permits to be finalized.

Winzler & Kelly is also making progress with the U.S. Navy on securing a lease for the submerged lands that lie within the project boundary.

The overall plan moving forward is to have all construction documents, permits, leases, environmental, and right-of-ways in hand by April 1, 2011 and take the project out to bid for Phases 1 and 2.

### **OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS**

On December 7, Keith Stahnke participated in a Design Team meeting for the Executive Management Transportation Agency Emergency Coordination Workshop.

On December 7, Mike Gougherty attended the Alameda County Transportation Commission Technical Advisory Working Group meeting concerning development of the Countywide Transportation Plan.

On December 8, Nina Rannells, Keith Stahnke, Lauren Duran and Leamon Abrams met with the M-Line consultants to review naming and logo alternatives for WETA.

On December 9, Keith Stahnke attended the City and County of San Francisco Lifelines Council meeting, the agenda focused on transportation recovery and coordination following a regional disaster.

On December 14, Nina Rannells met with John Haveman and Sean Randolph from the Bay Area Council to discuss proposed plans to host a World Expo in the Bay Area in 2020.

On December 14, Leamon Abrams participated in a Business Outreach Committee (DBE) Meeting.

### **OTHER ACTIVITIES / ITEMS**

**Proposition 1B Funds** – Proposition 1B funds provided to WETA for ferry service projects are authorized for a period of three years at a time. Although the majority of first year (FY 2007/08) funds were just recently received by WETA, CalEMA staff has indicated that these funds will expire in March 2011. Staff is working with CalEMA to receive an extension of these funds in the short term and has directed our state lobbyist, Barry Broad, to develop a legislative course of action to ensure that all Proposition 1B funds will remain with WETA in the long-term.

### **ADMINISTRATION**

**November Financial Statements** - Attached are the monthly financial statements for FY 2010/11 through November 2010, including the Statement of Revenues and Expenses and the Capital Budget vs. Expenditures reports.



**Water Emergency Transportation Authority**  
**FY2010/11 Statement of Revenues and Expenses**  
**November 2010**

% of Year  
Elapsed  
42%

	Current Month	Prior Year Actual	2010/11 Budget	2010/11 Actual	% of Budget
<b>Operating Revenues</b>					
<b>Operating Assistance</b>					
RM 2 Planning	244,241	3,974,266	4,950,000	1,375,858	27.8%
SUASI	-	26,198	-	-	0%
<b>Total Operating Assistance</b>	244,241	4,000,464	4,950,000	1,375,858	27.8%
<b>Other Revenues</b>					
Interest Income	790	13,050	15,000	3,629	24.2%
Other	-	7,900	-	-	0.0%
<b>Total Other Revenues</b>	790	20,950	15,000	3,629	24.2%
<b>Total Operating Revenues</b>	245,031	4,021,413	4,965,000	1,379,488	27.8%
<b>Total Capital Revenues</b>	877,126	17,675,940	28,622,995	3,124,457	10.9%
<b>Total Revenues</b>	1,122,157	21,697,353	33,587,995	4,503,944	13.4%

<b>Operating Expenses</b>					
<b>Operations</b>					
Wages and Fringe Benefits	112,759	1,472,036	1,613,000	501,339	31.1%
Services	103,933	2,144,939	2,798,000	699,753	25.0%
Materials and Supplies	444	25,071	87,000	3,674	4.2%
Utilities	991	11,322	19,000	3,605	19.0%
Insurance	-	28,973	37,000	28,222	76.3%
Miscellaneous	1,916	38,597	103,000	20,507	19.9%
Leases and Rentals	24,198	279,526	293,000	118,759	40.5%
<b>Total Operations</b>	244,241	4,000,464	4,950,000	1,375,858	27.8%
<b>Total Operating Expenses</b>	244,241	4,000,464	4,950,000	1,375,858	27.8%
<b>Total Capital Expenses</b>	877,126	17,675,940	28,622,995	3,124,457	10.9%
<b>Total Expenses</b>	1,121,367	21,676,404	33,572,995	4,500,315	13.4%
<b>Excess Revenues (Loss)</b>	790	20,950	15,000	3,629	

**Water Emergency Transportation Authority**  
**FY2010/11 Statement of Revenues and Expenses**  
**November 2010**

Project Description	Current Month	Project Budget	Prior Year Actual	2010/11 Budget	2010/11 Actual	Future Year	% of Project
<b>Expenses</b>							
2 Spare Vessels	-	17,000,000	16,764,811	235,189	-	-	99%
SSF Vessels	8,613	20,500,000	19,504,841	995,159	15,300	-	95%
SSF Mitigation Study	-	275,000	42,459	52,541	-	180,000	15%
SSF Terminal Construction	719,794	26,000,000	1,420,414	15,985,586	2,565,719	8,594,000	15%
Berkeley Environ/Conceptual Design	5,751	1,954,700	1,566,858	303,842	54,136	84,000	83%
Berkeley Terminal Design	-	3,200,000	-	1,500,000	-	1,700,000	0%
Hercules Environ/Conceptual Design	101	1,080,000	981,684	98,316	2,930	-	91%
Pier 9 Mooring/Floats	1,888	3,150,000	329,867	2,820,133	45,257	-	12%
Environmental Studies/Conceptual Design	5,340	3,250,000	56,000	2,120,000	36,192	1,074,000	3%
Central Bay Ops/Maintenance Facility	50,320	2,600,000	128,770	962,230	113,550	1,509,000	9%
Maintenance Barge, Floats & Ramps	-	5,000,000	-	1,250,000	-	3,750,000	0%
S.F. Berthing - Environ/Conceptual Design	85,319	3,300,000	-	2,300,000	291,372	1,000,000	9%
<b>Total Capital Expenses</b>	<b>877,126</b>	<b>87,309,700</b>	<b>40,795,705</b>	<b>28,622,995</b>	<b>3,124,457</b>	<b>17,891,000</b>	
<b>Revenues</b>							
RM 2	37,919	33,281,735	31,410,679	1,690,975	354,592	180,081	95%
San Mateo County Sales Tax	132,424	15,000,000	410,919	10,892,865	613,701	3,696,216	7%
Federal	486,363	15,047,533	6,574,895	4,393,658	1,334,308	4,078,980	53%
Proposition 1B	220,419	23,980,432	2,399,211	11,645,497	821,857	9,935,724	13%
<b>Total Capital Revenues</b>	<b>877,126</b>	<b>87,309,700</b>	<b>40,795,705</b>	<b>28,622,995</b>	<b>3,124,457</b>	<b>17,891,000</b>	

**SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY**

**MINUTES OF THE BOARD OF DIRECTORS MEETING**

*(December 2, 2010)*

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**

Chair Charlene Haught Johnson called the meeting to order at 1:05 p.m. Directors present were Vice Chair Anthony Intintoli, Director Gerald Bellows and Director John O'Rourke. Vice Chair Anthony Intintoli led the Pledge of Allegiance. Director Beverly Johnson arrived at 1:15 p.m.

**2. REPORT OF BOARD CHAIR**

None.

**3. REPORT OF DIRECTORS**

None.

**4. REPORTS OF STAFF**

Executive Director Nina Rannells introduced Planning and Development Manager John Sindzinski, who delivered an update on the progress of the South San Francisco ferry terminal project. Mr. Sindzinski said that pending approval of design drawings, pile driving for the float would begin at the construction site in two to three weeks. He added that construction on the float continued on budget and on time at the Manson facility and that the project was on schedule for completion in September 2011.

Ms. Rannells asked if the Board would be interested in visiting the float at the construction site in Richmond. Chair Johnson said that that would be a good idea and asked staff to propose a time.

Mr. Sindzinski noted that discussions with Genentech and other employers in the Oyster Point area would be reinvigorated in early 2011 to discuss service schedule issues and potential local funding solutions for employee shuttle buses from the terminal to the major employers.

Vice Chair Intintoli asked which boats would be utilized for the South San Francisco service. Ms. Rannells said that whichever boats made the most sense in response to the demand would be used. Vice Chair Intintoli then asked if the recent layoffs at Genentech created a ridership concern. Mr. Sindzinski said that considering the overall concentration of employment in the immediate area that ridership on the service was unlikely to be significantly impacted. He also noted the Shorenstein commercial development underway near the terminal site which would include a hotel as well as additional office square footage; suggesting an overall increase in the number of potential riders.

Vice Chair Intintoli asked what other work was underway on new services per the Transition Plan. Ms. Rannells noted that the South San Francisco and Berkeley services were both currently under development as they were both tied to RM2 funding, and the Berkeley project was currently behind schedule. She also noted that there was little movement on Treasure Island service at present while the redevelopment plan timeline appeared to have slowed.

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Continuing his project update, Mr. Sindzinski said that regarding the Pier 9 berthing facility the next step was a issuing a notice to proceed for Manson and the issuance of a permit by the Port of San Francisco and that completion of the project was targeted for June 1, 2011.

Ms. Rannells updated the Board on several other items, noting that positive discussions with MTC about Clipper implementation continued and that Clipper should be available from the start on the South San Francisco service. Regarding expiration of Proposition 1B funds, she said that language to allow fund retention had be inserted in the transportation budget trailer bill but that the bill had been voted down by the Legislature. She said that WETA Sacramento representative Barry Broad of Broad and Gusman, LLP was drafting a new bill that would likely be sponsored by Fiona Ma that would clarify the time frame that the funds would remain available to WETA.

Ms. Rannells then noted the ten year service anniversary of Vice Chair Intintoli's appointment to WETA's predecessor agency, the WTA's Board of Directors. She thanked him for his active engagement and direction throughout his years of service to both the WTA and the WETA.

#### **5. CONSENT CALENDAR**

Director O'Rourke made a motion to approve the consent calendar, which included minutes from the October 7, 2010 Board of Directors meeting and the October 12, 2010 Board of Directors retreat/workshop, and the Board of Directors meeting schedule for 2011. Director Bellows seconded the motion and the item carried unanimously.

#### **6. APPROVE CONTRACT AWARD FOR CONCEPTUAL DESIGN OF ANTIOCH AND RICHMOND FERRY TERMINALS**

Planner/Analyst Mike Gougherty presented this item requesting Board approval of a contract award to Marcy Wong and Donn Logan Architects to provide design and engineering services for the Antioch and Richmond ferry terminal projects for an initial award amount not to exceed \$500,000 and authorize the Executive Director to negotiate and execute a professional services agreement for this work. Mr. Gougherty noted a typo error in this and in the following agenda item, stating that the language should read that the RFQs had been issued on August 13, 2010.

Vice Chair Intintoli referenced the WTA's 2003 IOP, noting that at that time there had been no plan to consolidate the Alameda and Vallejo services, and that in light of the new WETA mission he hoped that WETA would be cautious with its capital funds and not overextend investments into new services.

Ms. Rannells replied that each year the projects in the capital budget were reexamined, noting that the preliminary phases on the Antioch, Martinez, Redwood City and Richmond services needed to continue as part of the environmental process and that after that stage had been completed, each potential service would be discussed and considered for further development and inclusion in the five year capital plan. Mr. Sindzinski added that the conceptual design element of the project at hand was required as part of the environmental review process. He noted that completing the environmental reviews would be essential in helping WETA evaluate the viability of each of these projects in the future.

Director Johnson noted the importance of keeping these projects alive so that funding would continue to be available. Ms. Rannells agreed, adding that the environmental reviews were required for federal funding. Director Johnson asked if the firms who submitted qualifications were local. Mr. Gougherty said that almost all were either local or maintained local offices.

Director Bellows noted that each of the locations had unique requirements and asked if each site would have a standard WETA terminal design. Mr. Sindzinski said that there would be a standard

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WETA design for all the floats but that landside requirements would determine the design for each terminals. He said that basic designs were emphasized in the RFQs as a way to control costs.

Director Bellows made a motion to approve the item. Director O'Rourke seconded the motion and the item carried unanimously.

**7. APPROVE CONTRACT AWARD FOR CONCEPTUAL DESIGN OF MARTINEZ AND REDWOOD CITY FERRY TERMINALS**

Planner/Analyst Mike Gougherty presented this item requesting Board approval of a contract award to KPFF, Inc. to provide design and engineering services for the Martinez and Redwood City ferry terminal projects for an initial award amount not to exceed \$500,000 and authorize the Executive Director to negotiate and execute a professional services agreement for this work.

Vice Chair Intintoli made a motion to approve the item. Director Bellows seconded the motion and the item carried unanimously.

**8. APPROVE FISCAL YEAR 2010/11 BUDGET FOR THE ALAMEDA/OAKLAND FERRY SERVICE AND THE ALAMEDA/HARBOR BAY FERRY SERVICE**

Ms. Rannells presented this item requesting approval by motion of the proposed Fiscal Year 2010/11 Budget for the Alameda/Oakland Ferry Service and the Alameda/Harbor Bay Ferry Service. She noted that this was WETA's first service operations budget and that it was put together cooperatively by WETA Finance and Grants Manager Lynne Yu and Ernest Sanchez, current Ferry Service Manager for the City of Alameda. She noted that the budget included insurance estimates as well as the transfer of Mr. Sanchez to a WETA staff position.

Director Johnson asked if WETA's insurance costs could be reduced by joining a larger insurance pool. Mr. Stahnke said this had been looked at with the City of Alameda staff, and that public transit pools typically exclude maritime transportation. Ms. Yu added that, under existing policies, the first \$500,000 in claims are paid by the City.

Ms. Rannells then noted that the budget included a repower of the ferry Encinal as well as replacement of the float at the Clay St. Terminal in Oakland.

**Public Comment**

Veronica Sanchez of Masters, Mates & Pilots asked if revenue from the AT&T Park/Giants service and from weekend services was included in the budget, and if additional services could be added to meet demand for special events in the future. Ms. Rannells replied that those revenues were included in the budget, noting that Harbor Bay did not run a weekend service. Mr. Stahnke added that special event services already existed, citing Bay to Breakers as an example.

Director Johnson stated that to the best of her knowledge, most in Alameda appeared to be comfortable with the service transfer to WETA, noting that coming to an agreement with the City to only transfer waterside assets had been a smart move that had greatly simplified the transfer negotiation process.

Director O'Rourke made a motion to approve the item. Director Bellows seconded the motion and the item carried unanimously.

**9. AUTHORIZE FILING AN APPLICATION WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR \$600,000 FY 2010/11 REGIONAL MEASURE 2 OPERATING FUNDS TO SUPPORT ALAMEDA FERRY SERVICE OPERATIONS**

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Ms. Yu presented this item requesting authorization to file an application with the Metropolitan Transportation Commission for a total of \$600,000 in FY 2010/11 Regional Measure 2 operating funds to support the Alameda ferry service operations and to authorize the Executive Director to execute the associated agreements.

Director Johnson asked if the Alameda service had previously been eligible for these grants. Ms. Rannells said that no RM2 funds had gone to the service in prior years, but that funds are eligible to support existing services now that the City has agreed to transition services to WETA. Ms. Yu added that applying these funds to the Alameda services allows WETA to reserve other local system funds for future needs.

Vice Chair Intintoli made a motion to approve the item. Director Bellows seconded the motion and the item carried unanimously.

**10. AUTHORIZE THE EXECUTIVE DIRECTOR TO ENTER INTO A GRANT AGREEMENT WITH THE BAY AREA AIR QUALITY MANAGEMENT DISTRICT TO TRANSFER CARL MOYER GRANT OBLIGATIONS TO WETA**

Administrative Policy Analyst Lauren Duran presented this item requesting that the Board authorize the Executive Director to execute a grant agreement with the Bay Area Air Quality Management District to transfer Carl Moyer grant obligations to WETA for capital projects previously completed by the City of Alameda. She noted that the transfer of waterside assets from Alameda to WETA would require that WETA assume ongoing grant obligations associated with funds used to purchase or rehabilitate these assets, such as vessel usage reporting requirements, records retention requirements and requirements to continue to utilize the vessels within the geographical boundaries of the Air District.

Vice Chair Intintoli asked if the requirement to utilize vessels within the geographical boundary of the Air District would pose any issues for WETA in the event the agency needed to temporarily utilize these vessels in other services.. Ms. Rannells noted that the Air District's boundaries included the entire Bay Area and that this requirement would not pose any issues. Mr. Stahnke added that the Carl Moyer program extended to everything from farm equipment to harbor craft and that the intent of the requirement to keep these assets within the Bay Area is to keep the environmental benefits associated with these cleaner assets within the Bay Area air shed.

Director O'Rourke made a motion to approve the item. Director Bellows seconded the motion and the item carried unanimously.

**11. ESTABLISH A PROCESS TO SOLICIT AND CONSIDER PUBLIC COMMENTS ON PROPOSED FARES, SCHEDULES OR SERVICE CHANGES**

Mr. Sindzinski presented this item requesting that the Board approve a process to solicit and consider public comments on proposed fares, schedules or service changes and amend the agency Administrative Code to include this process. He noted that establishment of the process was an FTA requirement for WETA to receive federal funding.

Vice Chair Intintoli asked where and when public comment hearings would be held. Mr. Sindzinski said that generally they would be held as part of a Board meeting. Mr. Intintoli suggested that there could be problems with the current meeting location meeting potential capacity. Mr. Sindzinski noted that staff recognized the issue and was committed to extensive outreach and accurate collection and recording of public input.

Vice Chair Intintoli stated that mid-day meetings would not be effective or convenient for riders. Ms. Rannells said that the policy was intentionally broad so that WETA would have the flexibility for the

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most appropriate outreach in a variety of situations. Director Johnson added that a hearing regarding the Alameda service should be held in Alameda. Ms. Rannells replied that per the Alameda service transfer agreement, the City has the discretion to request WETA staff to present proposed changes at an Alameda City Council meeting, but that WETA also has the ability, under the policy proposed, to hold additional public outreach or public hearings in Alameda as well.. Mr. Sindzinski added that WETA did not want to limit itself to having only one meeting and that the focus would be on maximizing flexibility for the public to submit comments.

Director O'Rourke said that he commended the openness of the policy and recognized the need for it to remain flexible given WETA's scope of operations and that he felt it was reasonable. Ms. Rannells replied that the policy was broad with the understanding that WETA would have the flexibility to do additional outreach whenever appropriate.

Director Johnson said that especially in the first year that rider outreach in the communities being serviced would be essential to demonstrate WETA's commitment. Director O'Rourke agreed that this would make sense for a limited period and added that staff should be prepared with farebox recovery ratio information at any public hearing where fare changes were to be considered.

#### Public Comment

Marina Secchitano of the Inland Boatman's Union stated that Golden Gate Ferry reaches out to the community with public hearings for fare changes and agreed that WETA should do so as well. She also suggested that there should be additional language covering comments submitted outside of the hearings and delivered directly to the Board.

Chair Johnson took the opportunity to note that the WETA and WTA had a long history of extensive public outreach and solicitation of public comment and input. She said that she anticipated that WETA would continue to provide a high degree of outreach on this and future service items considered by the Board.

Vice Chair Intintoli made a motion to approve the item with the expectation that staff would come back with an amended proposal for the process. Director Bellows seconded the motion and the item carried unanimously.

### **12. SCHEDULE A PUBLIC HEARING TO RECEIVE PUBLIC COMMENTS RELATED TO MODIFYING AND ADOPTING FARE STRUCTURES FOR ALAMEDA/OAKLAND AND HARBOR BAY FERRY SERVICES**

Mr. Sindzinski presented this item regarding scheduling a public hearing at the January Board of Directors regular meeting to receive public comments concerning a proposal to adopt fare structures for Alameda/Oakland and Harbor Bay ferry services.

Ms. Rannells said that the changes included reductions in the regular service fares for seniors and disabled persons in order to meet federal regulations and a modest increase to AT&T Park service in order to offset a new landing fee at that site of \$.25 per passenger proposed by the Port of San Francisco. Mr. Sindzinski noted that no other fares would be affected. He added that the Alameda/Oakland service had not been eligible for federal funds when run by the City of Alameda, which is why the new reductions were required.

Director Johnson said that if those were the only changes under consideration that she wouldn't anticipate much of a problem. Mr. Sindzinski noted that this item did not request that the Board approve the changes but that they approve the solicitation of public comments.

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Director Johnson suggested that the January 2011 board meeting be held in Alameda along with the public hearing on the proposed changes. Vice Chair Intintoli agreed.

Director O'Rourke made a motion to approve the item. Vice Chair Intintoli seconded the motion and the item carried unanimously.

### **13. PUBLIC COMMENT**

Ms. Secchitano noted that the City of Vallejo was cutting Baylink services which would result in the layoff of five to seven crew members. She said that she has tried to work with Blue & Gold Fleet on promotions but that there is not any funding available for marketing which she felt essential in response to the urgent need to attract riders.

She also noted concern regarding the number of riders on the Vallejo service taking the Route 200 bus instead of the ferry. She said that she hoped that WETA would be addressing this issue along with additional outreach and marketing. She added that mid-day breaks may be another way to address the issues faced by the Vallejo service.

Director Johnson asked if the bus was less expensive than the ferry. Vice Chair Intintoli said that they were the same fare and that the bus left 10 minutes after the ferry.

Ms. Rannells said that these issues were part of ongoing discussions with the City of Vallejo, and that the bus issue was perhaps the single biggest sticking point at the moment. Vice Chair Intintoli said that at one time Vallejo needed the buses because the ferry could not meet passenger demands but that now the bus was problematic as it effectively competes with the ferry system.

Director Johnson said that WETA should decide on a policy regarding the bus. Director O'Rourke asked if WETA had authority to correct the bus schedule. Ms. Rannells said that staff has urged the City to reduce the number of bus trips to eliminate competition with the ferry and in light of the overall decreased ridership demand and system budget constraints. She indicated, however, that WETA would not be in a position to directly effect changes regarding the bus until the transition with the City of Vallejo is finalized.

### **14. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION**

Chair Johnson called the meeting into closed session at 2:40 p.m. Upon reopening of the meeting at 3:35 p.m. she reported that no action had been taken.

### **15. ADJOURNMENT**

All business having concluded, the meeting was adjourned at 3:35 p.m.

Respectfully Submitted,

Board Secretary

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MEMORANDUM

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**TO: Board Members**

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

**SUBJECT: Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2009/10**

**Recommendation**

Accept the Independent Auditor's Annual Financial Reports for the year ending June 30, 2010, as submitted by Maze & Associates, including the following:

- a. The Memorandum on Internal Control
- b. Basic Financial Statements
- c. Single Audit Report

**Background**

Section 106.6 of the Authority's Administrative Code requires preparation of an annual 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**

The Annual Financial Reports for the fiscal year ending June 30, 2010, issued by Maze and provided for Board acceptance are comprised of 1) The Memorandum on Internal Control; 2) Basic Financial Statements; and 3) Single Audit Report.

**Memorandum on Internal Control**

The Memorandum on Internal Control, provided as **Attachment A** to this report, communicates such topics as the auditor's responsibilities under generally accepted auditing standards, overview of the planned scope of the audit, and significant findings from the audit. In accordance with Statement of Auditing Standards No. 114 (*The Auditor's Communication with Those Charged with Governance*), the independent auditors are required to communicate significant findings and issues related to an audit. No findings were identified as a result of the audit.

**Basic Financial Statements**

The Basic Financial Statements are provided as **Attachment B** to this report. These include an Independent Auditor's Report, Management Discussion and Analysis and Basic Financial Statements for the year ending June 30, 2010. The Independent Auditor's Report provides the opinion that the Authority's basic financial statements present fairly in all material respects the financial position of the Authority at June 30, 2010, and the respective results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Single Audit Report

The Single Audit Report, included as **Attachment C** to this report, is required of WETA in relation to the receipt of federal grant funds in FY 2009/10. This report includes a schedule of expenditures of federal awards and a report on internal controls and compliance related to these expenditures. Maze has audited the compliance of the Authority with respect to the types of compliance requirements described in the OMB Circular A-133 (*Compliance Supplement*) that are applicable to each of the major federal programs providing funding. The Authority's major federal program for year ended June 30, 2010 is the Federal Highway Planning and Construction Grants program. It is Maze's opinion that the Authority complied, in all material respects, with the requirements applicable to the federal program for the year ended June 30, 2010.

Fiscal Impact

None.

\*\*\*END\*\*\*

Attachment A

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY**

**MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED  
JUNE 30, 2010**

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**SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS**

**For the Year Ended June 30, 2010**

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## MEMORANDUM ON INTERNAL CONTROL

October 6, 2010

To the Board of Directors of the  
San Francisco Bay Area Water Emergency Transportation Authority  
San Francisco, California

In planning and performing our audit of the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2010, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control. As the Authority's administration and the majority of its internal controls are provided by the Association of Bay Area Government (the Association) staff we included tests of procedures and controls performed by them as part of our work.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis.

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be significant deficiencies or material weaknesses and, therefore, there can be no assurance that all such deficiencies have been identified. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. We did not identify any deficiencies in internal control that we consider to be material weaknesses.

This communication is intended solely for the information and use of management, Authority Board, others within the organization, and agencies and pass-through entities requiring compliance with generally accepted government auditing standards, and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

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## REQUIRED COMMUNICATIONS

October 6, 2010

To the Board of Directors of the  
San Francisco Bay Area Water Emergency Transportation Authority  
San Francisco, California

We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority as of and for the year ended June 30, 2010 and have issued our report thereon dated October 6, 2010. Professional standards require that we advise you of the following matters relating to our audit.

**Financial Statement Audit Assurance:** Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit in accordance with generally accepted auditing standards does not provide absolute assurance about, or guarantee the accuracy of, the financial statements. Because of the concept of reasonable assurance and because we did not perform a detailed examination of all transactions, there is an inherent risk that material errors, fraud, or illegal acts may exist and not be detected by us.

**Other Information Included with the Audited Financial Statements:** Pursuant to professional standards, our responsibility as auditors for other information in documents containing the Authority's audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. Our responsibility also includes communicating to you any information that we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements. This other information and the extent of our procedures is explained in our audit report.

**Accounting Policies:** Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2010 except for GASB 51. The City implemented the following new standards:

- Statement No. 51 - *Accounting and Financial Reporting for Intangible Assets - Retroactive Application Required (Effective for fiscal year 2010)*

Governments have different types of intangible assets, such as easements, water rights, patents, trademarks, and computer software. The objective of this Statement is to establish accounting and financial reporting requirements for intangible assets to reduce inconsistencies and enhance comparability. See Note 4 to the financial statements for disclosures.

**Unusual Transactions, Controversial or Emerging Areas:** No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2010.

**Estimates:** Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments.

**Disagreements with Management:** For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter that could be significant to the Authority's financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

**Retention Issues:** We did not discuss any major issues with management regarding the application of accounting principles and auditing standards that resulted in a condition to our retention as the Authority's auditors.

**Difficulties:** We encountered no serious difficulties in dealing with management relating to the performance of the audit.

**Audit Adjustments:** For purposes of this communication, professional standards define an audit adjustment, whether or not recorded by the Authority, as a proposed correction of the financial statements that, in our judgment, may not have been detected except through the audit procedures performed. These adjustments may include those proposed by us but not recorded by the Authority that could potentially cause future financial statements to be materially misstated, even though we have concluded that the adjustments are not material to the current financial statements.

We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the entity's financial reporting process.

**Uncorrected Misstatements:** Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the audit committee.

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This report is intended solely for the information and use of the Authority Board, its committees, and management and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

Attachment B

**SAN FRANCISCO  
BAY AREA WATER EMERGENCY  
TRANSPORTATION AUTHORITY  
BASIC FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2010**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
San Francisco Bay Area Water Emergency Transportation Authority  
San Francisco, California

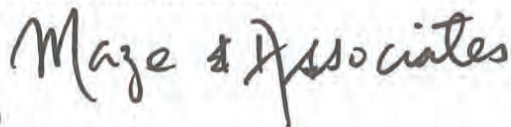
We have audited the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2010, as listed in the table of contents. These basic financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free of material misstatement. An audit includes examining on a test basis evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and assessing significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the Authority at June 30, 2010, and the respective results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2010 on our consideration of the Authority internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's Discussion and Analysis is not a required part of the basic financial statements but is supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.



October 6, 2010

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## MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (WETA) activities and financial performance provides an introduction to the financial statements of WETA for the fiscal year ended June 30, 2010. The information presented herein should be considered in conjunction with the accompanying financial statements.

### BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

**Statement of Net Assets**—presents the financial position of WETA, including assets, liabilities and net assets. The difference between this statement and the traditional Balance Sheet is that net assets (fund equity) are shown as the difference between total assets and total liabilities.

**Statement of Activities**—presents revenues, expenses and changes in net assets for the fiscal year. It differs with the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

**Statement of Cash Flows**—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash in flows and out flows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

### FINANCIAL POSITION SUMMARY

A condensed summary of WETA's net assets at June 30, 2010 is shown below:

	<u>2010</u>	<u>2009</u>
<b>Assets:</b>		
Current and other assets	\$48,823,475	\$4,797,495
Capital assets	47,674,071	34,931,448
Total assets	<u>96,497,546</u>	<u>39,728,943</u>
<b>Liabilities:</b>		
Other liabilities	2,619,634	2,569,819
Unearned/Deferred Revenue	46,188,883	2,213,728
Total liabilities	<u>48,808,517</u>	<u>4,783,547</u>
<b>Net Assets:</b>		
Invested in capital assets, net of debt	47,674,071	34,931,448
Unrestricted	14,958	13,948
<b>Total net assets</b>	<u><u>\$47,689,029</u></u>	<u><u>\$34,945,396</u></u>

## **FINANCIAL HIGHLIGHTS**

- WETA's total assets as of June 30, 2010 were \$96.5 million, comparing to the \$39.7 million as of June 30, 2009.
- WETA's total revenues for fiscal year ending June 30, 2010 were \$17.7 million, comprising capital grants of \$13.7 million and program revenues of \$4.0 million.
- WETA's total program operating expenses for fiscal year ending June 30, 2010 were \$5 million.

## **PROGRAM INITIATIVES AND OUTLOOK**

The WETA Board of Directors adopted the final Transition Plan on June 18, 2009, in compliance with Senate Bills 976 and 1093 requirements. The plan guides the consolidation of the Vallejo, Alameda/Oakland and Harbor Bay ferry services under WETA, and presents a five year financial outlook of WETA operating and expansion activities.

During 2010, WETA and City of Alameda staffs and legal counsel continued discussions on the terms of the Alameda ferry service transition. The terms and conditions of the ferry service transfer to WETA were discussed with the Alameda City Council in closed session in April and with the Alameda public at the Transportation Commission meeting in June. Alameda staff expects that the Final Transition Agreement will be considered by the WETA Board of Directors and Alameda City Council in early October with operational transfer of the services by early 2011.

WETA and City of Vallejo staffs met weekly in 2010 to discuss terms and details of the Vallejo service transition. In addition, WETA and City of Vallejo staffs have begun meeting periodically with a larger group, including Metropolitan Transportation Commission and Solano Transportation Authority representatives, to review the progress of the work and discuss any larger county and/or regional issues that have been identified associated with the transition. These discussions are all in support of our goal to bring forward a Vallejo service transition term sheet for Board consideration in December 2010.

The South San Francisco Ferry Service will provide access to biotech and other jobs in South San Francisco for East Bay commuters, and expands the geographic reach of emergency ferry transportation response capabilities on the San Francisco Bay. Kvichak Marine Industries completed the construction of two 199 passenger-only ferryboats for this service in 2010. These vessels are chartered to the City of Alameda and are currently being utilized in Alameda-Oakland, Tiburon and Alameda Harbor Bay services until the South San Francisco ferry terminal is complete.

During 2010, WETA awarded three contracts for the construction of the South San Francisco ferry terminal. The first contract, dredging and demolition, was completed in December. The construction of the terminal, float and gangway are expected to be complete in mid-2011. Ferry service to and from the new ferry terminal is expected to begin Fall 2011.

WETA continued work to develop several core infrastructure projects in 2010 including environmental and conceptual design work related to potential new services to the cities of Berkeley and Hercules, development of plans to expand berthing capacity in downtown San Francisco and development of a central bay maintenance and operations facility. Development of these projects will be important to support the long-term vision and sustainability of WETA's planned ferry transportation services.

With the enactment of AB 1203 on January 1, 2010, WETA received up-front payment of approximately \$44 million in 2010 for all awarded Proposition 1B funds not previously paid. The receipt of these funds allowed WETA to re-engage environmental review consultants to re-start the assessments work on potential future ferry services in Antioch, Martinez, Redwood City and Richmond after a year and a half hiatus due to the suspension of Proposition 1B funds in December 2008. Staff is also working to finalize the Request for Qualification (RFQ) to solicit conceptual design services for each of these sites. Staff expects to issue this RFQ in August and make award recommendations in December for these design and engineering services.

#### **CONTACTING WETA'S FINANCIAL MANAGEMENT**

The financial report is designed to provide citizens, taxpayers, creditors and interested parties with a general overview of WETA's finances. Questions or additional information about these statements should be directed to San Francisco Bay Area Water Emergency Transportation Authority, at Pier 9, Suite 111, San Francisco, CA 94111.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF NET ASSETS  
JUNE 30, 2010

ASSETS

Current Assets

Cash and cash equivalents (Note 3)	\$46,761,751
Receivables:	
Accounts (Note 5)	1,994,646
Interest	2,927
Security deposit	46,489
Prepaid expenses	<u>17,662</u>
Total Current Assets	<u>48,823,475</u>

Noncurrent Assets

Construction in progress (Note 4)	8,910,041
Ferries, net of accumulated depreciation (Note 4)	35,170,530
Terminal development rights, net of accumulated depreciation (Note 4)	<u>3,593,500</u>
Total Noncurrent Assets	<u>47,674,071</u>

Total Assets	<u>96,497,546</u>
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LIABILITIES

Current Liabilities

Accounts payable	2,501,584
Compensated absences (Note 2C)	42,833
Unearned revenue - Prop 1B (Note 5C)	<u>8,900,000</u>
Total Current Liabilities	<u>11,444,417</u>

Noncurrent Liabilities

Compensated absences (Note 2C)	75,217
Unearned revenue - State Appropriation (Note 5A)	2,226,749
Unearned revenue - Prop 1B (Note 5C)	<u>35,062,134</u>
Total Noncurrent Liabilities	<u>37,364,100</u>

Total Liabilities	<u>48,808,517</u>
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NET ASSETS (Note 8)

Invested in capital assets, net of related debt	47,674,071
Unrestricted	<u>14,958</u>
Total Net Assets	<u>\$47,689,029</u>

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2010

PROGRAM REVENUES

Intergovernmental	\$3,985,324
Other	<u>7,900</u>
Total Revenues	<u>3,993,224</u>

PROGRAM OPERATING EXPENSES

Personnel costs	2,196,982
Administrative expenses	491,056
Operating consultant fees	1,180,617
Insurance premiums	123,560
Depreciation (Note 4)	<u>964,396</u>
Total Program Operating Expenses	<u>4,956,611</u>

OPERATING LOSS (963,387)

CAPITAL GRANTS 13,707,020

CHANGE IN NET ASSETS 12,743,633

BEGINNING NET ASSETS 34,945,396

ENDING NET ASSETS \$47,689,029

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from grantor agencies	\$49,438,538
Payment for consultant costs	(1,035,372)
Payment for personnel costs	<u>(2,924,689)</u>
Net cash flows from operating activities	<u>45,478,477</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	10,047,020
Payments for construction in progress	<u>(10,047,020)</u>
Net cash flows from capital and related financing activities	<u>                    </u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest proceeds	<u>13,021</u>
Net cash flows from investing activities	<u>13,021</u>
Net cash flows	45,491,498

Cash and cash equivalents- beginning of year	<u>1,270,253</u>
Cash and cash equivalents - end of year	<u><u>\$46,761,751</u></u>

Reconciliation of operating loss to net cash flows from operating activities:

Operating loss	(\$963,387)
Depreciation	964,396
Change in assets and liabilities:	
Accounts receivable	1,483,180
Prepaid expenses	(17,662)
Accounts payable	286,467
Accrued liabilities	(267,702)
Compensated absences	31,051
Deferred revenue	<u>43,962,134</u>

Net cash flows from operating activities	<u><u>\$45,478,477</u></u>
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NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Contribution of terminal development rights	<u><u>\$3,660,000</u></u>
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See accompanying notes to financial statements

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 1 – REPORTING ENTITY**

The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is the regional water transportation planning agency for the San Francisco Bay Area. It was established by the California State Legislature on October 14, 2007. The Authority was designated by the State Legislature to plan and operate new and existing Alameda and Vallejo ferry transit services and coordinate the emergency activities of all water transportation and related facilities within the Bay Area region.

The Authority is governed by a board of directors comprised of appointees from the California State Governor's Office, the State Assembly, and the State Senate subcommittees. The Board, consisting of 5 members, is responsible for general operations of the Authority, reviewing and approving the annual budget, approving future contractual agreements with vendors, and appointment of the Executive Director.

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

**A. *Basis of Presentation***

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

***Government-wide Statements:*** The Statement of Net Assets and the Statement of Activities display information about the primary entity (the Authority). These statements include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's business-type activities. Direct expenses are those that are specifically associated with a program or function. Program revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as program revenues are presented as general revenues.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

**B. Basis of Accounting**

The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Grant reimbursements are recognized in the period the grant expenditures are made. Expenditures in excess of reimbursement are recorded as receivables if allowable under the grant, while excess reimbursements are recorded as deferred revenues.

The authority is in the planning and development stages of operations and has not assumed transit and operational activities. Expenses incurred are reimbursed with grant funds from a variety of sources including the Metropolitan Transportation Commission, which is the regional coordinating agency for State of California Transportation Development Act grants and the United States Department of Transportation with Federal Transit Administration Grants.

**C. Compensated Absences**

Compensated absences comprise vacations and administration leave and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in compensated absences were as follows:

Balance at June 30, 2009	\$86,999
Additions	108,956
Payments	<u>(77,905)</u>
Balance at June 30, 2010	<u>\$118,050</u>
Due within one year	<u>\$42,833</u>



**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND CASH EQUIVALENTS**

**A. Carrying Amount and Fair Value**

Cash and investments are recorded at fair value, which is the same as fair market value. The Authority's cash and investments were composed of cash in banks and the California Local Agency Investment Fund (LAIF), each of which is described below.

Cash and investments comprised of the following at June 30, 2010:

Cash and Cash Equivalents:	
Cash in Banks	\$95,565
Cash in Banks for Prop 1B	44,552,348
LAIF	<u>2,113,838</u>
Total Cash and Cash Equivalents	<u><u>\$46,761,751</u></u>

**B. Interest Rate Risk**

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of period end, the weighted average maturity of the investments in the LAIF investment pool is approximately 203 days.

**C. Credit Risk**

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF is not rated by a nationally recognized statistical rating organization.

**D. Custodial Credit Risk**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 3 - CASH AND CASH EQUIVALENTS (Continued)**

*E. Local Agency Investment Fund*

The Authority is a voluntary participant in LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value.

**NOTE 4 - CAPITAL ASSETS**

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Ferries	25 years
Terminal Development Rights	55 years

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 4 – CAPITAL ASSETS (Continued)**

Capital Assets activity was as follows for the year ended June 30, 2010:

	June 30, 2009	Additions	Transfers	June 30, 2010
Capital assets not being depreciated:				
Construction in progress	\$18,367,863	\$10,047,019	(\$19,504,841)	\$8,910,041
Total assets not being depreciated	<u>18,367,863</u>	<u>10,047,019</u>	<u>(19,504,841)</u>	<u>8,910,041</u>
Capital assets being depreciated:				
Ferries	16,758,497		19,504,841	36,263,338
Terminal development rights		3,660,000		3,660,000
Total assets being depreciated	<u>16,758,497</u>	<u>3,660,000</u>	<u>19,504,841</u>	<u>39,923,338</u>
Less accumulated depreciation for:				
Ferries	(194,912)	(897,896)		(1,092,808)
Terminal development rights		(66,500)		(66,500)
Total accumulated depreciation	<u>(194,912)</u>	<u>(964,396)</u>		<u>(1,159,308)</u>
Net capital assets being depreciated	<u>16,563,585</u>	<u>2,695,604</u>	<u>19,504,841</u>	<u>38,764,030</u>
Capital Assets, Net	<u>\$34,931,448</u>	<u>\$12,742,623</u>		<u>\$47,674,071</u>

During fiscal 2009-2010, the Authority acquired terminal development rights valued at \$3,660,000 for the purpose of constructing, operating and maintaining the South San Francisco Ferry Terminal. The Authority funded the acquisition by relinquishing an equal amount of Proposition 1B grants (Note 5C).

**NOTE 5 – MAJOR FUNDING SOURCES**

*A. State Appropriation*

The Authority received a single \$12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, the Senate bill stated that the Water Transit Authority's funds will be transferred to the Authority. As of June 30, 2010, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of 6/30/09	<u>(9,786,272)</u>
Unearned appropriation as of beginning of period	2,213,728
Fiscal Period 2010:	
Interest income	13,021
Unearned appropriation as of period end	<u>\$2,226,749</u>

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 – MAJOR FUNDING SOURCES (Continued)**

**B. *Regional Measure 2***

On March 2, 2004, voters approved Regional Measure 2 (RM2), raising the tolls on the seven State-owned toll bridges in the San Francisco Bay Area by \$1. This toll increase is to fund various transportation projects within the region that have been determined to reduce congestion or to improve travel in the toll bridge corridors. The Authority is receiving the portion of RM2 funding intended for water transportation services, facilities and vessels. The Authority was allocated \$4,620,000 to be used for operations and \$9,422,955 to be used for capital projects in the year ended June 30, 2010. As of June 30, 2010, the Authority had expended total allocated funds of \$7,390,398, had received \$6,144,449 in cash and had a receivable balance of \$1,245,949.

**C. *Proposition 1B (CTSGBP-RPWT) Projects***

Pursuant to state Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGBP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the bay area region. As of June 30, 2010, the Authority had been awarded \$50 million in Proposition 1B allocations. As discussed in Note 4, the Authority relinquished \$3,660,000 of the above allocation in exchange for terminal development rights to permit the construction of the South San Francisco Ferry Terminal.

With the enactment of AB1203 on January 1, 2010, the Authority was entitled to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received \$44,679,939. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 5 – MAJOR FUNDING SOURCES (Continued)**

A summary of the Authority's Proposition 1B projects for the year ended June 30, 2010 are as follows:

Project Name	Grant Allocations	Expended in Fiscal Year		Grant Relinquishment	Unearned Revenue at 06/30/10
		2008-2009	2009-2010		
Preliminary Investigation & Environmental Review of Redwood City, Richmond, Antioch and Martinez	\$3,250,000	(\$56,000)			\$3,194,000
Final Design for Berkeley and Hercules Terminals	5,500,000				5,500,000
South San Francisco Terminal and Vessel Construction	10,000,000		(\$2,207,784)	(\$3,660,000)	4,132,216
Maintenance Barge/Facility and Emergency Floats	15,250,000	(7,395)	(121,374)		15,121,231
Central Bay and North Bay Maintenance Facilities	12,000,000				12,000,000
San Francisco Berthing Expansion	4,000,000				4,000,000
<b>Total</b>	<b>\$50,000,000</b>	<b>(\$63,395)</b>	<b>(\$2,329,158)</b>	<b>(\$3,660,000)</b>	<b>43,947,447</b>
Add Interest Earned:					14,687
Unearned Revenues					<u>\$43,962,134</u>

**NOTE 6 – LEASE OBLIGATION**

The Authority and Port of San Francisco have entered into a lease agreement in December 1, 2006. The agreement allows the Authority to lease 2 parcels for office space and to use the berth space for ferry parking commencing December 1, 2007. The annual lease payment is \$253,781 and the amount is subject to a 3% adjustment annually. The lease expires in November 30, 2011.

**NOTE 7 – RISK MANAGEMENT**

The Authority purchased a commercial insurance policy for general liability, automobile liability, and errors and omissions with a deductible of \$2,500. This policy provides coverage up to \$6,000,000 in the aggregate, except for fire damage which has coverage of \$1,000,000 per occurrence. The Authority's liability for uninsured claims at June 30, 2010 is believed by management to be immaterial based on the absence of any asserted claims.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 8 – NET ASSETS**

Net Assets are the excess of all the Authority's assets over all its liabilities, regardless of fund. The Authority's Net Assets are reported under the caption described below:

*Invested in Capital Assets, net of related debt* is the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

*Unrestricted* describes the portion of Net Assets which may be used for any Authority purpose.

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS**

During fiscal year 2009, the Authority implemented the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB).

By Board resolution and through agreements with its labor unit, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

The Authority pays the minimum of PEMHCA community rated plans for retired employees' medical premiums, in which the benefits continue to the surviving spouse. The Authority will also provide a longevity stipend for retired employees who have at least 10 years of service, by paying up to the PERSCare single premium for single coverage only.

As of June 30, 2010, one participant was eligible to receive benefits.

**A. Funding Policy and Actuarial Assumptions**

The annual required contribution (ARC) was determined as part of the August 2009 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 4.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3% health inflation increase. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The Authority's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 30 year closed amortization period.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 9 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)**

In accordance with the Authority's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the Authority's Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of Authority Board. This Trust is not considered a component unit by the Authority and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**B. Funding Progress and Funded Status**

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2010, the Authority contributed the ARC amounting to \$36,718 to the plan which represented 3.7% of the \$992 thousand of covered payroll. The Authority also contributed additional funds to CERBT representing funds accumulated in prior years. As a result, the Authority did not have a Net OPEB Obligation at June 30, 2010, as presented below:

	Amounts
Net OPEB Obligation June 30, 2009	\$46,000
Annual required contribution (ARC)	36,718
Contributions to CERBT	(82,718)
Change in net OPEB Liability	(46,000)
Net OPEB Obligation June 30, 2010	\$0

The Net OPEB Obligation is included as an accrued liability in the Statement of Net Assets.

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated August, 2009, amounted to \$106,100 and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2010, the Authority transferred additional contributions to CERBT, which along with investment earnings totaled \$76,906 and reduced the unfunded actuarial accrued liability.

The Plan's estimated annual required contributions and actual contributions for the year ended June 30, 2009 and 2010 are set forth below:

Fiscal Year	Estimated Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2009	\$46,000	\$0	0%	(\$46,000)
6/30/2010	36,718	82,718	225%	0

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 10 - PENSION PLAN**

All Authority employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Authority's employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and Authority resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS. The Plan's provisions and benefits in effect at June 30, 2010, are summarized as follows:

	<u>Miscellaneous</u>
Benefits vesting schedule	5 years service
Benefits payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2 % - 2.5%
Required employee contribution rate	8.00%
Required employer contribution rate	11.603%

CALPERS determines contribution requirements using a modification of the Entry Age Normal Method. Under this method, the Authority's total normal benefit cost for each employee from date of hire to date of retirement is expressed as a level percentage of the related total payroll cost. Normal benefit cost under this method is the level amount the Authority must pay annually to fund an employee's projected retirement benefit. This level percentage of payroll method is used to amortize any unfunded actuarial liabilities. The actuarial assumptions used to compute contribution requirements are also used to compute the actuarial accrued liability. The Authority does not have a net pension obligation since it pays these actuarially required contributions monthly.

CALPERS uses a market related value method of valuing the Plan's assets. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually. An investment rate of return of 7.75% is assumed, including inflation at 3%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years.

Actuarially required contributions for fiscal years 2010, 2009, and 2008 were \$210,310, \$190,261 and \$114,470 respectively. The Authority made these contributions as required, together with certain immaterial amounts required as the result of the payment of other additional employee compensation.

As required by new State law, effective July 1, 2005, the Authority's Miscellaneous Plan was terminated, and the employees in the plan were required by CALPERS to join a new State-wide pool. One of the conditions of entry to the pool was that the Authority true-up any unfunded liabilities in the former Plan, either by paying cash or by increasing its future contribution rates through a Side Fund offered by CALPERS. The Authority will fund the liability through increased future contribution rates.



**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 10 - PENSION PLAN (Continued)**

The State-wide pool's actuarial value and funding progress over the past three years are set forth below at the actuarial valuation date of June 30:

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2006	\$912,988,585	\$787,758,909	\$125,229,676	86.3%	\$200,320,145	62.5%
2007	1,315,454,361	1,149,247,298	166,207,063	87.4%	289,090,187	57.5%
2008	1,537,909,933	1,337,707,835	200,202,098	87.0%	333,307,600	60.1%

The Authority's Miscellaneous Plan represents approximately 1.76%, .47%, and .59% of the State-wide pool for the years ended June 30, 2008, 2007, and 2006, respectively, based on covered payroll of \$333,307,600, \$289,090,187, and \$200,320,145 for those years.

Audited annual financial statements are available from CALPERS at P.O. Box 942709, Sacramento, CA, 94229-2709.

**NOTE 11 – COMMITMENTS AND CONTINGENCIES**

The Authority participates in Federal and State grant programs. These programs have been audited by the Authority's independent accountants through the fiscal year ended June 30, 2010, in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2010, the Authority had made commitments for construction of the following projects:

Project	Commitments at June 30, 2010
Antioch Environmental	\$470,262
Berkeley/Albany Terminal	189,078
Central Bay Maintenance Facility	279,009
Hercules Ferry Terminal	27,507
Martinez Terminal	485,981
Oyster Mitigation Project	175,839
Pier 9 Berthing	1,723,088
Redwood City Environmental	387,812
Richmond Ferry Terminal	323,012
SF Ferry Terminal Expansion	2,837,000
Spare Vessel	235,186
SSF Ferry Terminal	20,720,800 *
Treasure Island Ferry Terminal	461,599
Total	<u>\$28,316,173</u>

\* Of this balance, \$19.1 million were committed to major vendors to complete the South San Francisco Ferries Terminal.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2009**

**NOTE 12 – SUBSEQUENT EVENT**

On August 3, 2010, the Authority issued a \$10.1 million revenue bond to finance the construction of the South San Francisco ferry terminal. The bond bears interest at 4.632 percent and matures on June 1, 2013 with principal amounts due on June 1, and interest payments due on June 1 and December 1 of each year. The bond is payable from a pledge of RM2 Operating Revenues and Measure A Revenues.

Attachment C

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY**

**SINGLE AUDIT REPORT  
FOR THE YEAR ENDED JUNE 30, 2010**

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**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY**

**SINGLE AUDIT REPORT  
For The Year Ended June 30, 2010**

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**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2010**

**SECTION I—SUMMARY OF AUDITOR’S RESULTS**

**Financial Statements**

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Noncompliance material to financial statements noted?        Yes   X   No

**Federal Awards**

Type of auditor’s report issued on compliance for major programs: Unqualified

Internal control over major programs:

- Material weakness(es) identified?        Yes   X   No
- Significant deficiency(ies) identified that are not considered to be material weaknesses?        Yes   X   None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133?        Yes   X   No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
<u>20.205</u>	<u>Federal Highway Planning and Construction Grants</u>

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee?   X   Yes        No

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated October 6, 2010 which is an integral part of our audits and should be read in conjunction with this report.

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

Our audit did not disclose any findings and questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.



**SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –**  
Prepared by Management

**Financial Statement Prior Year Findings**

There were no prior year Financial Statement Findings reported.

**Federal Award Prior Year Findings and Questioned Costs**

There were no prior year Federal Award Findings and Questioned Costs reported.

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ASSOCIATION OF BAY AREA GOVERNMENTS  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 For the Fiscal Year Ended June 30, 2010

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass-Through Identifying Number	Federal Expenditures
Department of Transportation, Federal Transit Administration Federal Highway Planning and Construction Grants: CA-70-X007 - SSF Vessels - Flex Fund	20.205	not applicable	\$3,057,579
Federal Transit Cluster:			
Federal Transit Capital Investment Grant:			
CA-04-0050 - SSF Vessels and Terminal	20.500	not applicable	811,434
Pass-Through the San Francisco Municipal Transportation Agency			
CA-90-Y124 - FY2002-2003 FTA Formula Funds	20.507	not available	800,000
CA-90-Y348 - Muni Section 5307 FY 2005 Formula Grant	20.507	not available	30,721
Total Federal Transit Cluster			<u>1,642,155</u>
Total Department of Transportation, Federal Transit Administration			<u>4,699,734</u>
Department of Homeland Security, Transportation Security Administration Pass-Through the City and County of San Francisco FY 2007/2008 Regional Catastrophic Preparedness Grant Program	97.111	2008-CP-T8-0018	26,198
Total Expenditures of Federal Awards			<u>\$4,725,932</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY**

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
For The Year Ended June 30, 2010**

**NOTE 1-REPORTING ENTITY**

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the San Francisco Bay Area Water Emergency Transportation Authority, California

**NOTE 2-BASIS OF ACCOUNTING**

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

**NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS**

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The Schedule includes both of these types of Federal award programs when they occur.

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**REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE  
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED  
IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS***

To the Board of Directors of the  
San Francisco Bay Area Water Emergency Transportation Authority  
San Francisco, California

We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation (Authority) as of and for the year ended June 30, 2010, and have issued our report thereon dated October 6, 2010. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

***Internal Control over Financial Reporting***

In planning and performing our audit, we considered the Authority's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over financial reporting.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses, as defined above.

### *Compliance and Other Matters*

As part of obtaining reasonable assurance about whether the Authority's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance and other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated October 6, 2010 which is an integral part of our audits and should be read in conjunction with this report.

This report is intended solely for the information and use of the Authority's Board of Directors, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

October 6, 2010

*Maze & Associates*



**REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT  
AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133**

Independent Auditor's Report

To the Board of Directors of the  
San Francisco Bay Area Water Emergency Transportation Authority  
San Francisco, California

***Compliance***

We have audited the compliance of the San Francisco Bay Area Water Emergency Transportation with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2010. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with those requirements.

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2010.

### ***Internal Control Over Compliance***

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the Authority's internal control over compliance with the requirements that could have a direct and material effect on a major federal program to determine the auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

*A deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, significant deficiencies, or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be *material weaknesses*, as defined above.

### **Schedule of Expenditures of Federal Awards**

We have audited the financial statements of the Authority as of and for the year ended June 30, 2010, and have issued our report thereon dated October 6, 2010. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Authority's basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of Authority Board, management, and federal awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

*Maze & Associates*

November 30, 2010

MEMORANDUM

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**TO: Board Members**

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

**SUBJECT: Authorize the Executive Director to Enter into a Bareboat Charter Agreement with the City of Vallejo for the Vessel *Scorpio***

**Recommendation**

Authorize the Executive Director to enter into a bareboat charter agreement with the City of Vallejo for the use of the vessel *Scorpio*.

**Background/Discussion**

Two of the four vessels owned by the City of Vallejo have reached their economic mid-life and will be sent to the state of Washington to be overhauled and refurbished. The project will begin in January 2011 and is expected to take up to 18 months, with each vessel being sent to Washington for 6 to 9 months at a time. The City currently operates a three boat schedule with 4 boats (one being used as a back-up). With one vessel out of service for the next 18 months, the City of Vallejo needs a back-up boat in order to sustain current ferry schedules in the event that one of the regularly-scheduled vessels in the Baylink service has a maintenance issue. The City has asked if one of WETA's 199-passenger vessels can be used as a back-up vessel in Baylink service during the 18 months while the two Vallejo vessels are being refurbished.

Currently, all of WETA's vessels are chartered to the City of Alameda for use in the Alameda/Oakland and Harbor Bay services. The Harbor Bay service operates a one boat service and utilizes the *Pisces* (149 passenger capacity) and the *Scorpio* (199 passenger capacity) vessels, but also has an additional high capacity vessel, the *Bay Breeze* (250 passenger capacity) as a back-up. Arrangements have been made with the City of Alameda and the operator, Harbor Bay Maritime, to take the *Scorpio* out of the Harbor Bay service, leaving two vessels to operate this one boat service.

On December 17<sup>th</sup>, WETA and the City of Vallejo conducted test runs with the *Taurus* (same boat design as the *Scorpio*) to see if the travel times and boat configuration of the *Scorpio* will work in the Baylink service. Travel time from the Vallejo Ferry Terminal to the San Francisco Ferry Building with an empty vessel was just over one hour. While the trip time with WETA's vessel is slightly longer than with Vallejo's high-speed ferries, the City of Vallejo is prepared to amend its operating schedule in order to utilize the *Scorpio* as a back-up and not impact published service schedules.

The City of Vallejo will be sending the *Intintoli* to the boatyard in Washington on January 14, 2011. WETA staff has prepared a bareboat charter agreement between WETA and the City of Vallejo for the use of the *Scorpio* in the Baylink service under the same general terms as the charter agreements with the City of Alameda.

Should the Board of Director's approve this item, WETA's vessels would be utilized as follows:

<b>Service</b>	<b>Operator</b>	<b>Vessel</b>
Harbor Bay	Harbor Bay Maritime	Pisces
Alameda/Oakland	Blue and Gold	Gemini and Taurus
Vallejo Baylink	Blue & Gold	Scorpio

Staff anticipates that the Scorpio can be provided to support the Vallejo service for the duration of the repower project. Once the South San Francisco terminal is completed and service is ready for start-up (anticipated in Fall 2011), staff will work to revise the vessel utilization plan to ensure that WETA vessels are available to operate in this new service.

**Fiscal Impact**

There is no fiscal impact associated with this item.

\*\*\*END\*\*\*

**MEMORANDUM**

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**TO: Board Members**

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

**SUBJECT: Approve the Purchase of Marine Terminal Operations and Property Insurance Policies for Main Street and Harbor Bay Ferry Terminals**

**Recommendation**

Approve the purchase of the following insurance policies for the Alameda/Oakland and Harbor Bay ferry services:

- 1) Marine Terminal Operators Liability insurance for Main Street and Harbor Bay ferry terminals in Alameda.
- 2) Property insurance for the floats, gangways and pilings at the Main Street and Harbor Bay ferry terminals in Alameda.

**Background**

With the Board's approval of the Alameda Ferry Services Operations Transfer Agreement on October 7 and in preparation for the operational transfer of these services to WETA in February, the agency will need to purchase certain insurance policies for the Alameda/Oakland and Harbor Bay ferry services.

As described in the Alameda Ferry Services Transfer Agreement, WETA will take ownership of the vessels and waterside assets used in both services and the City of Alameda will retain ownership of the landside facilities, including ferry terminal buildings and parking lots. Currently, the City of Alameda has liability insurance for the landside terminal areas and parking lots through a joint powers insurance pool. The city also retains property insurance for the floats, gangways and pilings at both terminals through this insurance pool. The contracted operator for each service provides the Hull and Machinery (vessel property insurance) and Protection and Indemnity (P&I) insurance, for the vessels.

With the City of Alameda no longer managing the ferry services, WETA will need to purchase the same insurance policies that the city currently holds in order to seamlessly transition both services to WETA.

**Discussion**

The City and WETA explored multiple options for providing liability insurance for the terminal areas with the overriding goal of minimizing new costs to the services. Options explored included:

- Continuing to use the City's joint powers insurance pool
- Requiring the contracted operators to procure this liability insurance
- WETA direct procurement of insurance policies

In investigating these options, staff found direct procurement of insurance policies by WETA to be the only viable option. Through this work, staff found that continuing the use of the City's policies would not be feasible as the City's joint powers insurance pool has a deductible of \$500,000 and does not allow the City to name any other party as additional assureds. Staff further found that the insurance brokers for the contracted operators could not procure liability insurance for the terminal areas since the operators do not have operational control of these areas.

In reviewing options for the direct procurement of these insurance policies, WETA's risk managers looked into WETA's ability to join joint powers insurance pools such as the one the City of Alameda is currently a part of, however, these types of insurance pools are only available to municipalities. Similar insurance pools exist for transit agencies, but none of these offer maritime insurance.

Given the results of the above investigation, staff recommends that WETA directly procure Marine Terminal Operators Liability Insurance for the terminals and parking lots as well as property insurance for the floats and gangways at each terminal through Wells Fargo Insurance Services; WETA's insurance broker. Wells Fargo Insurance Services insure other large ferry operators such as Golden Gate Ferries and Washington State Ferries.

#### Marine Terminal Operators Liability Insurance

This coverage protects against third party claims for bodily injury and property damage that arise from ferry operations at scheduled locations, including the terminal area and parking lots. This policy has a liability limit of \$5,000,000 per occurrence with a \$10,000 deductible.

#### Property Insurance for Floats, Gangways and Pilings

Through the transition agreement, system floats, gangways and pilings will be transferred to WETA to own, utilize and maintain in providing the Alameda ferry services. The proposed property insurance policy for these assets has a liability limit of \$1,000,000 per ferry terminal with a \$10,000 deductible.

While this action is limited to the purchase of Terminal Operators Liability insurance and Property Insurance for the waterside assets, it is important to note that there is overlap between the proposed WETA coverage and the contracted operator's coverage for incidents that occur while passengers embark and debark from the vessels; the most risky part of operations. The contracted operator's bumbershoot insurance provides an additional \$49,000,000 of coverage while passengers embark and debark from the vessels, making the total liability limit between WETA's Terminal Operator's Liability insurance (\$5,000,000) and the contracted operator's (\$49,000,000) limit a total of \$54,000,00

The estimated annual premium for both policies is expected to be \$37,500. To finalize the annual premium cost a survey will need to be conducted which is schedule to be complete by the beginning of January. Further information on each of these policies can be found in Attachment 1.

#### **Fiscal Impact**

Funding for the purchase of liability and property insurance is included in the approved FY 2010/2011 Alameda Ferry Services operating budget and will be included in future year budgets for these services.

\*\*\*END\*\*\*

**Water Emergency Transit Authority  
Schedule of Insurances**

<b>Policy Type</b>	<b>Description</b>	<b>Locations</b>	<b>Liability Limit or Insured Value</b>	<b>Deductible</b>	<b>Estimated Annual Premium</b>
<b>Marine Terminal Operators Liability</b>	To defend and indemnify against third party claims for bodily injury and property damage that arise from WETA's operations at the scheduled locations.	Main Street Ferry Terminal Harbor Bay Ferry Terminal WETA Pier 9 dock	\$5,000,000 each occurrence \$5,000,000 general aggregate	\$10,000 any one occurrence	\$17,500
<b>Physical Damage to Floats, Piling and Gangways</b>	To pay for loss or damage of physical property owned by WETA at the scheduled locations.	Main Street Ferry Terminal Harbor Bay Ferry Terminal	\$1,000,000 per ferry terminal Values to be agreed subject to survey	\$10,000 each claim	\$ 20,000

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director  
Lauren Duran, Administrative/Policy Analyst**

**SUBJECT: Authorize the Executive Director to Enter into a Funding Agreement with the Alameda County Transportation Commission for Measure B Funds to Support Alameda Ferry Services**

**Recommendation**

Authorize the Executive Director to enter into a funding agreement with the Alameda County Transportation Commission (Alameda CTC) for Measure B sales tax funds to support Alameda ferry services.

**Background/Discussion**

In November 2000, Alameda County voters approved the reauthorization of Measure B, a county transportation sales tax measure that is estimated to provide over \$11 million in sales tax funds over 20 years (between April 1, 2002 and March 31, 2022) to support the operation of Alameda ferry services. These funds are currently administered by the Alameda County Transportation Commission (Alameda CTC), which was recently created when the Alameda County Transportation Improvement Authority was merged with the Alameda County Congestion Management Authority in July 2010.

The City of Alameda has historically been the recipient of Measure B sales tax funds to support the Alameda ferry services. Once these services transition to WETA for operation, the Measure B funds will need to be redirected to WETA as well. This item authorizes the Executive Director to enter into a funding agreement with the Alameda CTC for annual appropriations of Measure B funds to support the Alameda ferry service operations. The agreement will be effective upon the actual service transfer date and will continue through June 30, 2012 in order to align this agreement with the term of all other Measure B recipient agreements (two ten-year agreements, including one through 2012 and one through 2022).

The transfer of these funds is one of the many administrative tasks required prior to the close of the escrow period for the transfer of the Alameda Ferry Services to WETA.

**Fiscal Impact**

Authorizing this agreement will provide WETA access to approximately \$673,000 annual Measure B sales tax funds to support the operation of Alameda Ferry Services.

\*\*\*END\*\*\*



MEMORANDUM

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director  
John Sindzinski, Manager, Planning & Development**

**SUBJECT: Public Hearing to Consider Comments on the Proposal to Modify and Adopt Fare Structures for Alameda/Oakland and Harbor Bay Ferry Services**

**Background/Discussion**

The purpose of this agenda item is to conduct a formal public hearing to consider certain recommendations concerning the fares for the Alameda/Oakland and Harbor Bay ferry services. Specifically, the hearing will consider comments to adopt the existing Harbor Bay fare structure and adopt the modified Alameda/Oakland fare structure with the following three changes:

1. Increase the discount for seniors, disabled and Medicare card holders for Transbay service to San Francisco to be 50% of the base fare, thereby reducing this fare from \$3.75 to \$3.10, in conformance with Federal Transit Administration half fare requirements.
2. Establish a discounted category for seniors, disabled, and Medicare card holders for the Short Hop and set the fare to be \$0.75 which is 50% of the base fare of \$1.50, in conformance with Federal Transit Administration half fare requirements.
3. Increase all fares for AT&T Park special ferry service by \$0.25 per one-way ticket for the FY 2011 baseball season, to address the Port of San Francisco's newly established per passenger fee of \$0.25 to embark and debark at AT&T Park.

A table of the proposed fares is provided as **Attachment 1** to this report and a full report on this subject matter is provided under Item 11 on the Board of Director's meeting agenda.

Speakers will be asked to clearly state their name and city of residence for the record and to keep their comments to 3 minutes or less. Once all public comments are received the hearing will be closed. The WETA Board will then consider, later in this evening's agenda, taking formal action on the proposed fare structure and modifications subject to any comments received at today's hearing or during the 30 day public comment period.

\*\*\*END\*\*\*

## Attachment 1

### Proposed Fares - Alameda/Oakland and Harbor Bay Ferry Services

#### Proposed Fares to San Francisco - Alameda/Oakland & Harbor Bay Ferry Services

	Alameda/ Oakland	Harbor Bay
<b>Alameda-San Francisco (one-way)</b>		
Adult	\$6.25	\$6.50
Youth (5-12 yrs)	\$3.50	\$3.25
Senior*, Disabled, Medicare	\$3.10	\$3.75
Active Military	\$5.00	\$5.25
Children under 5**	Free	Free
School Group Fare	\$2.00	n/a
Short Hop***	\$1.50	n/a
Short Hop Senior, Disabled, Medicare	\$0.75	n/a
<b>Alameda-San Francisco (multi-ride)</b>		
10 Ticket Book	\$50.00	\$55.00
20 Ticket Book	\$90.00	\$100.00
40 Ticket Book	\$170.00	n/a
Monthly Pass	n/a	\$185.00

\* Alameda/Oakland defines Seniors as age 65 and older, Harbor Bay defines Seniors as age 62 and older

\*\* Children ride free when accompanied by an adult

\*\*\* One-way between Oakland and Alameda or between the S.F. Ferry Building and Pier 41

#### Proposed Special Service Fares - Alameda/Oakland Ferry Service

<b>AT&amp;T Park (one-way)</b>	
Adults	\$7.50
Youth (5-12 yrs)	\$4.75
Seniors (65 yr or older)	\$5.25
Active Military	\$6.25
Under 5 **	Free
<b>Angel Island (round trip)</b>	
Adult (19 yrs or older)	\$14.50
Youth (13-18 yrs)	\$11.25
Seniors (62 yr or older) / Disabled	\$11.25
Child (5-12 yrs)	\$8.50
Under 5 **	Free

\*\*Children ride free when accompanied by an adult

MEMORANDUM

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director  
John Sindzinski, Manager, Planning & Development**

**SUBJECT: Modify and Adopt Fare Structures for Alameda/Oakland and Harbor Bay Ferry Services**

**Recommendation**

Adopt the existing Harbor Bay fare structure and adopt the modified Alameda/Oakland fare structure with the three changes listed below:

1. Increase the discount for seniors, disabled and Medicare card holders for transbay service to San Francisco to be 50% of the base fare, thereby reducing this fare from \$3.75 to \$3.10.
2. Establish a discounted category for seniors, disabled, and medicare card holders for the Short Hop and set the fare to be \$0.75 which is 50% of the base fare of \$1.50.
3. Increase all fares for AT&T Park special ferry service by \$0.25 per one-way ticket to address the Port of San Francisco's newly established per passenger fee of \$0.25 to embark and debark at AT&T Park.

The proposed fare structures for adoption are displayed in Attachment 2.

**Background/Discussion**

WETA's approach to system consolidation and transition emphasizes a commitment to ensure continuity in programs, services and activities of the existing Alameda/Oakland and Harbor Bay ferry services. The Transition Plan laid out several key elements to ensure a seamless transition, including WETA's intent to adopt the existing fare structures to the greatest extent possible. In developing the proposed fare structure for Alameda services, as discussed further in this item, staff recommends adopting the existing fare structure with a few exceptions including two fare changes to comply with Federal Transit Administration (FTA) requirements and one change to address the Port of San Francisco's newly established per passenger embark and debark fee for landing at AT&T park next baseball season.

On December 2, 2011 the Board approved an item authorizing staff to schedule a public hearing and implement outreach activities to solicit public comments concerning the following proposal to modify and adopt the existing fare structures for the Alameda/Oakland and Harbor Bay ferry services.

**Proposed Fare Adjustments to Comply with Federal Transit Administration Regulations**

One of the benefits of transitioning the Alameda/Oakland and Harbor Bay Ferry Services to WETA is WETA's ability to use FTA funds to financially support these services. The City of Alameda has not had access to these grant funds in the past and so the current fare structure

does not conform to FTA fare requirements. In order to use Federal funds, transit operators are required to offer patrons 65 years of age and older, persons with disabilities, and Medicare card holders fares not more than 50% of the base fare on all scheduled services with the exception of commuter services that only operate during peak hours such as Harbor Bay Service, or services that only operate in off-peak hours such as recreational weekend service to Angel Island or special AT&T ballpark services.

Currently, Alameda/Oakland ferry service to San Francisco offers seniors (age 65 yr. or older), persons with disabilities, and Medicare card holders a discount of approximately 40% of the base fare. In addition, currently there is no discounted fare category for the "Short-Hop" service which goes from Oakland to Alameda in the morning and from Alameda to Oakland in the afternoon.

In order to comply with FTA's half fare requirement, two changes to the Alameda/Oakland base fare structure are required. First, the discount for the senior, disabled, and Medicare card holder category for a transbay trip would need to be increased, reducing the base fare from \$3.75 (40% discount) to \$3.10 (50.4% discount). Secondly, a new discounted fare category for the Short Hop between Alameda and Oakland would need to be created for seniors, disabled and Medicare card holders, with a fare of \$0.75 which is 50% of the current Short Hop fare of \$1.50. The proposed changes are shown in Table 1 below:

**Table 1: Alameda/Oakland Ferry Proposed Fare Changes**

<b>Alameda to San Francisco</b>	<b>Current Fare</b>	<b>Proposed Fare</b>
Senior/Disabled Transbay	\$3.75	\$3.10
Senior/Disabled Short Hop	\$1.50	\$0.75

Based on average ticket sales from last year the projected annual loss of fare revenue from these changes is approximately \$25,000, as detailed in Attachment 1 to this report. This loss represents the decrease in fare revenue collected per person multiplied by the number of expected senior, disabled and Medicare eligible riders per year.

Proposed Fare Adjustment to Address Increased Fees for Serving AT&T Park

At the San Francisco Port Commission meeting on December 14, the Port of San Francisco approved an item to increase landing fees at all of their facilities and established a new per passenger fee of \$0.25 to embark and disembark at AT&T Park. City of Alameda staff has indicated that the current fare charged for AT&T ferry service is sufficient to allow this service to operate on a cost neutral basis. As a result, operation of this special service does not currently have a financial impact on the ability to fund and operate regular transbay services. Accordingly, staff proposes to increase AT&T ballpark fares by \$0.25 per one-way ticket in order to keep special service to AT&T Park cost neutral. This fare increase, if approved, would go into effect at the start of the 2011 baseball season.

Table 2 below displays the current and proposed fares for each fare category for AT&T service.

**Table 2: Proposed Fares for Special Service to  
AT&T Park**

<b>AT&amp;T Park</b>	<b>Current Fare</b>	<b>Proposed Fare</b>
Adults	\$7.25	\$7.50
Youth (5-12 yrs)	\$4.50	\$4.75
Seniors (65 yr or older)	\$5.00	\$5.25
Active Military	\$6.00	\$6.25
Under 5	Free	Free

The existing and proposed new fares for the Alameda ferry systems to be transitioned to WETA, as discussed in this item, are provided in Attachment 2 to this report.

**Public Outreach Process:**

Following the WETA Board action at the December 2 meeting to schedule a public hearing in January, the following steps were taken to notify the public of and solicit public comments regarding the proposed changes to the Alameda Oakland fare structure and the adoption of the existing fare structure for the Harbor Bay ferry service:

- An advertisement of the proposed establishment of fares and public hearing was placed in the December issue of the Bay Crossings newspaper;
- A public notice was posted and distributed on the vessels used in the Alameda services; and
- A dedicated page was established on WETA's website for the notice (with a downloadable copy for printing, Board memo, fax/mail info and mail to link to staff for comments) and posted at: <http://watertransit.org/newsInformation/farenote.aspx>. Links to this page are included on the home page and the regular Public Notices page.

In addition, as requested by the City of Alameda and consistent with the transition agreement, WETA staff is scheduled to make a presentation on these changes at the January 3 Alameda City Council meeting in order to provide additional opportunity for public input.

As of the date this memorandum was written, no public comments had been received. Any comments received prior to the scheduled meeting will be provided to the Board of Director's at that time.

**Title VI Analysis:**

Title VI of the Civil Rights Act of 1964 prohibits discrimination on the basis of race, color and national origin in programs and activities receiving federal financial assistance. In accordance with FTA guidelines, staff has examined the impact of the proposed fare changes on minority, low income and disadvantaged communities and documented its analysis and findings in a written report that will be submitted to FTA. Out of the three changes proposed to the Alameda Oakland fare structure, two of these changes lower fares for persons age 65 or older, disabled persons and Medicare card holders and therefore these changes will not cause a disparate impact to minority, low income, or disadvantaged communities under Title VI of the Civil Rights Act of 1964. The proposed fare increase for special service to AT&T Park is to address the Port

of San Francisco's establishment of a per passenger embark and debark fee. The users of this special service are discretionary riders attending a sports event on an excursion ferry trip that is outside the scope of a Title VI analysis.

**California Environmental Quality Act (CEQA) Analysis**

Staff analyzed the proposed ferry and fare changes for possible impacts under the California Environmental Quality Act (CEQA). An overview of the staff analysis is shown in Attachment 3. Fare changes are categorically exempt as per CEQA statute. As a result, no further actions or analysis will be required at this time under CEQA, and a "Notice of Exemption" will be filed if the proposed changes are approved by the Board.

**Fiscal Impact**

The proposed fare structures will result in an estimated annual revenue loss of \$25,000 to the Alameda/Oakland ferry service due to the two proposed fare decreases required to comply with the Federal Transit Administration's (FTA) half fare requirements. However, compliance with FTA requirements will allow both services to be eligible for federal capital grants, which would off-set this loss.

\*\*\*END\*\*\*

**Attachment 1**

**Financial Impact of Proposed Fare Decreases for Alameda/Oakland Ferry Service**

<b><u>Senior, Disabled, Medicare Fare:</u></b>	
Adult ticket price (cash)	\$6.25
Current senior/disabled ticket price	\$3.75
50% of adult ticket price	\$3.12
Fare decrease (to \$3.10)	\$0.65
Average senior tickets sold per month for FY 09-10	3,101
<i>Subtotal average annual ticket revenue loss</i>	<i>\$24,188</i>
<b><u>Short Hop - Senior, Disabled, Medicare Fare:</u></b>	
Current Short Hop ticket price (cash)	\$1.50
50% of Short Hop ticket price	\$0.75
Fare decrease	\$0.75
Average Short Hop tickets sold per month for FY 09-10*	32
<i>Subtotal average annual ticket revenue loss</i>	<i>\$143.44</i>
<b>TOTAL ANNUAL TICKET REVENUE LOSS</b>	<b>\$24,331</b>

\*This very conservative analysis assumes that half of all short hop tickets sold would be sold to seniors, disabled persons, or medicare card holders.

## Attachment 2

### Existing Fares - Alameda/Oakland and Harbor Bay Ferry Services

#### Alameda/Oakland & Harbor Bay Ferry Services Existing Fares to San Francisco

	Alameda/ Oakland	Harbor Bay
<b>Alameda-San Francisco (one-way)</b>		
Adult	\$6.25	\$6.50
Youth (5-12 yrs)	\$3.50	\$3.25
Senior*, Disabled, Medicare	\$3.75	\$3.75
Active Military	\$5.00	\$5.25
Children under 5**	Free	Free
School Group Fare	\$2.00	n/a
Short Hop***	\$1.50	n/a
<b>Alameda-San Francisco (multi-ride)</b>		
10 Ticket Book	\$50.00	\$55.00
20 Ticket Book	\$90.00	\$100.00
40 Ticket Book	\$170.00	n/a
Monthly Pass	n/a	\$185.00

\* Alameda/Oakland defines Seniors as age 65 and older, Harbor Bay defines Seniors as age 62 and older

\*\* Children ride free when accompanied by an adult

\*\*\* One-way between Oakland and Alameda or between the S.F. Ferry Building and Pier 41

#### Alameda/Oakland Ferry Service - Existing Fares for Special Services

<b>AT&amp;T Park (one-way)</b>	
Adults	\$7.25
Youth (5-12 yrs)	\$4.50
Seniors (65 yr or older)	\$5.00
Active Military	\$6.00
Under 5 **	Free
<b>Angel Island (round trip)</b>	
Adult (19 yrs or older)	\$14.50
Youth (13-18 yrs)	\$11.25
Seniors (62 yr or older) / Disabled	\$11.25
Child (5-12 yrs)	\$8.50
Under 5 **	Free

\*\*Children ride free when accompanied by an adult



## Attachment 2

### Proposed Fares - Alameda/Oakland and Harbor Bay Ferry Services

#### Proposed Fares to San Francisco - Alameda/Oakland & Harbor Bay Ferry Services

	Alameda/ Oakland	Harbor Bay
<b>Alameda-San Francisco (one-way)</b>		
Adult	\$6.25	\$6.50
Youth (5-12 yrs)	\$3.50	\$3.25
Senior*, Disabled, Medicare	\$3.10	\$3.75
Active Military	\$5.00	\$5.25
Children under 5**	Free	Free
School Group Fare	\$2.00	n/a
Short Hop***	\$1.50	n/a
Short Hop Senior, Disabled, Medicare	\$0.75	n/a
<b>Alameda-San Francisco (multi-ride)</b>		
10 Ticket Book	\$50.00	\$55.00
20 Ticket Book	\$90.00	\$100.00
40 Ticket Book	\$170.00	n/a
Monthly Pass	n/a	\$185.00

\* Alameda/Oakland defines Seniors as age 65 and older, Harbor Bay defines Seniors as age 62 and older

\*\* Children ride free when accompanied by an adult

\*\*\* One-way betw een Oakland and Alameda or betw een the S.F. Ferry Buidling and Pier 41

#### Proposed Special Service Fares - Alameda/Oakland Ferry Service

<b>AT&amp;T Park (one-way)</b>	
Adults	\$7.50
Youth (5-12 yrs)	\$4.75
Seniors (65 yr or older)	\$5.25
Active Military	\$6.25
Under 5 **	Free
<b>Angel Island (round trip)</b>	
Adult (19 yrs or older)	\$14.50
Youth (13-18 yrs)	\$11.25
Seniors (62 yr or older) / Disabled	\$11.25
Child (5-12 yrs)	\$8.50
Under 5 **	Free

\*\*Children ride free when accompanied by an adult

### **Attachment 3**

#### **Analysis of Possible California Environmental Quality Act (CEQA) Impacts**

##### **Regulatory Context**

The California Environmental Quality Act (CEQA) defines a “project” in Section 21065 of the Public Resources code as “an activity which may cause either a direct physical change in the environment, or a reasonably foreseeable indirect physical change in the environment.” Thus, as a general rule, CEQA only applies to activities that have the potential to cause a significant effect on the environment.

##### **Fare Proposal**

As per CEQ Code of Regulations 15273, *Rates, Tolls, Fares, and Charges*, “CEQA does not apply to the establishment, modification, structuring, restructuring, or approval of rates, tolls, fares, or other charges by public agencies (1) meeting operating expenses, including employee wage rates and fringe benefits.” As the proposed fare increase for special ferry service to AT&T Park, is for the purpose of meeting operating expenses, they are statutorily exempt from CEQA.

**MEMORANDUM**

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**TO: Board Members**

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

**SUBJECT: Update on Request for Proposals for Water Transit System Operation**

**Recommendation**

There is no recommended action associated with this informational item.

**Background/Discussion**

WETA's transition plan identified a process for transitioning services under WETA's regional authority that involved first taking over existing city operating contracts and then re-bidding these services for award to a single contract operator. With the recent approval of a transition agreement with the City of Alameda, a target date of July 1, 2010 for transitioning Vallejo services and the projected Fall 2010 start-up of new South San Francisco services, it is timely to issue a Request for Proposals (RFP) for consolidated service operations and select a contract operator over the next several months.

Staff has developed a draft RFP using best procurement practices from other transit agencies as well as assistance from KPFF and sub consultant Ben Porter of Porter & Associates, Inc. that we intend to request Board approval to release for bid in February. As a part of the project development process, staff plans to circulate this draft RFP for industry review during the month of January, in order to solicit comments from potential bidders and other interested parties and allow for any necessary final modifications. Staff believes that this early review step will help to facilitate a smooth RFP process and will ultimately assist WETA in procuring effective contracted water transportation services to the benefit of customers and WETA.

The key dates currently proposed for the RFP process are as follows:

Industry Review	through January 21, 2011
Issue RFP	February 4, 2011
Proposals Due	April 4, 2011
Contract Award	May 5 or May 19, 2011
Service Initiation	July 1, 2011

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

\*\*\*END\*\*\*