

**Members of the Board**

Jody Breckenridge, Chair  
Jeffrey DelBono  
Timothy Donovan  
Anthony J. Intintoli, Jr.  
James Wunderman, Vice Chair

**BOARD OF DIRECTORS MEETING**  
*Thursday, June 8, 2017 at 1:15 p.m.*  
**San Francisco Bay Area**  
**Water Emergency Transportation Authority**  
Port of San Francisco  
Pier 1; San Francisco

*The full agenda packet is available for download at [sanfranciscobayferry.com/weta](http://sanfranciscobayferry.com/weta)*

**AGENDA**

1. CALL TO ORDER – BOARD CHAIR
2. PLEDGE OF ALLEGIANCE/ROLL CALL
3. REPORT OF BOARD CHAIR *Information*
4. REPORTS OF DIRECTORS *Information*
5. REPORTS OF STAFF *Information*
  - a. Executive Director’s Report
  - b. Monthly Review of Financial Statements
  - c. Legislative Update
6. CONSENT CALENDAR *Action*
  - a. Board Meeting Minutes – May 11, 2017
  - b. Overview of FY 2016/17 Financial Audit Scope and Process
7. AMEND CONTRACT WITH POWER ENGINEERING CONSTRUCTION FOR PHASE TWO WORK FOR THE DOWNTOWN SAN FRANCISCO FERRY TERMINAL EXPANSION PROJECT *Action*
8. APPROVE CONTRACT AWARD TO BAY SHIP & YACHT CO. FOR MV TAURUS QUARTER LIFE REFURBISHMENT PROJECT *Action*
9. APPROVE CONTRACT AWARD TO HANSON BRIDGETT LLP FOR THE PROVISION OF LEGAL SERVICES AS GENERAL COUNSEL *Action*
10. APPROVE CONTRACT AWARD TO LINDSAY HART LLP/FBB FEDERAL RELATIONS FOR THE PROVISION OF FEDERAL LOBBYING SERVICES *Action*
11. APPROVE PROPOSED REGIONAL MEASURE 3 PRINCIPLES AND FERRY INVESTMENT PROGRAM *Action*
12. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

## Water Emergency Transportation Authority June 8, 2017 Meeting of the Board of Directors

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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.

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.

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

Under California Government Code Section 84308, Directors are reminded that they must disclose on the record of the proceeding any contributions received from any party or participant in the proceeding in the amount of more than \$250 within the preceding 12 months. Further, no Director shall make, participate in making, or in any way attempt to influence the decision in the proceeding if the Director has willfully or knowingly received a contribution in an amount of more than \$250 within the preceding 12 months from a party or such party's agent, or from any participant or his or her agent, provided, however, that the Director knows or has reason to know that the participant has a financial interest in the decision. For further information, Directors are referred to Government Code Section 84308 and to applicable regulations.

**AGENDA ITEM 1**  
**CALL TO ORDER**

**AGENDA ITEM 2**  
**ROLL CALL**

**AGENDA ITEM 3**  
**REPORT OF BOARD CHAIR**

**AGENDA ITEM 4**  
**REPORTS OF DIRECTORS**

**NO MATERIALS**

**M E M O R A N D U M**

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: June 8, 2017

RE: Executive Director's Report

**CAPITAL PROJECT IMPLEMENTATION UPDATE**

**Vessel Replacement – Central Bay**

The MV *Encinal* and *Harbor Bay Express II* are included in the Capital Budget for replacement as they have reached the end of their useful lives (generally 25 years) and staff has secured funding commitments for replacement vessels. In December 2013, the Board of Directors approved a contract with Aurora Marine Design (AMD) for vessel construction management services and with Kvichak Marine Industries, now Vigor Kvichak (Vigor), in April 2015 for the construction of two new replacement vessels. Vessel construction began in September 2015.

Vessel 1 MV *Hydrus* – Vessel construction was completed in March and the vessel was placed into revenue service in April 2017.

Vessel 2 MV *Cetus* - Fabrication of the hull and cabin structures are well underway. Launch of hulls occurred on February 16. The vessel is now at the Whidbey Island shipyard with the cabin module landed on the hulls. Delivery of this vessel is anticipated in late June 2017.

**Vessel Replacement/New Construction - North Bay Vallejo and Richmond**

This project will construct three new high-speed vessels; one to replace the MV *Vallejo* and two to support initiation of new Richmond ferry service. In December 2015, the Board of Directors approved a contract with Fast Ferry Management for vessel construction management services. On September 1, 2016 the Board of Directors approved a contract award to Dakota Creek Industries for vessel construction. Initial vessel construction is underway. The first vessel is scheduled for delivery in December 2018.

**New Vessel Construction – Central Bay Vessels 3 and 4**

This project will construct two new 400-passenger vessels. On October 6, 2016 the Board of Directors approved a contract award to Vigor for vessel construction. Progress to date has included purchase of main propulsion engines and material for hull construction. Hull construction has begun for both vessels. Vessel 3 hull modules are being joined together, engine room insulation, electrical and plumbing work is well underway. The cabin module is being built at the Vigor Harbor Island facility.

**MV *Pisces* Quarter-Life and Passenger Capacity Increase Project**

This project provides for a general refurbishment of the vessel and will include the following components: refurbish shafts, propellers, rudders, replace bearings, replace and reupholster seating, replace carpets, renew deck coatings, touch up interior finishes, overhaul main engines, HVAC, electrical, plumbing, emission, fire and lifesaving safety systems. In addition, the scope of work for this project includes increasing the passenger capacity from 149 to 225. On October 6, 2016 the Board of Directors approved a contract award to Marine Group Boat Works. A project kick-off meeting was held on November 11. Work is progressing on this project which is scheduled for completion on June 12, 2017.

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### **North Bay Operations and Maintenance Facility**

This project constructed a new ferry operations and maintenance facility located on Mare Island in Vallejo. Construction of the facility is nearly complete. The team is working on a project close out punchlist with the construction contractors. A ribbon-cutting ceremony for the project was held on October 26, 2016. Operations and maintenance staff completed their transition into the new facility during the first week of January 2017 and are in the process of cleaning up and closing out the old maintenance site.

### **Central Bay Operations and Maintenance Facility**

This project will construct a new ferry operations and maintenance facility at Alameda Point to serve as the base for WETA's existing and future Central Bay ferry fleet. The Board of Directors awarded a construction contract to Overaa/Power, a Joint Venture, in July 2016. The contractor was issued a Notice to Proceed with landside construction and recently poured the concrete foundation. This project is scheduled for completion in Spring 2018.

### **Downtown San Francisco Ferry Terminal Expansion Project**

This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and existing ferry services to San Francisco. The project also includes landside improvements needed to accommodate expected increases in ridership and support emergency response capabilities.

On January 12, a Notice to Proceed was issued to begin construction of the project. Site work undertaken last month includes the installation of construction fencing, site demolition, and placement of seismic, noise, vibration, and settlement monitoring devices. In June, the contractor is scheduled to continue site demolition and begin dredging and pile driving work. Staff is also working with the contractor to negotiate a Guaranteed Maximum Price for Phase Two Work. An item recommending a contract Amendment for a portion of the Phase Two Work is included on this month's Board Agenda. This project is scheduled to be completed in late 2019.

### **Richmond Ferry Terminal and Service**

This project will construct a ferry terminal in Richmond to support new public transit ferry service between Richmond and San Francisco. The project design includes replacement of an existing facility (float and gangway) and a phased parking plan. New service will be operated by WETA with the support of Contra Costa County Measure J funds authorized by the Contra Costa County Transportation Authority in March 2015.

A contract was awarded to Ghirardelli Associates in September 2016 to provide construction management services for the new terminal. In February 2017, the WETA Board authorized the Executive Director to enter into required lease and shared maintenance Agreements with the City of Richmond, Orton Development and Ford Point LLC, approved a Project Labor Agreement with the Contra Costa Building Trades Council, and authorized staff to release a Request For Proposal (RFP) for terminal construction. The City of Richmond approved a lease for the project site at its meeting on May 16, 2017. A construction contract was awarded to Manson Construction Co. at the May 2017 Board meeting. Dredging of the project site is expected to begin in August.

## **SERVICE DEVELOPMENT UPDATE**

### **Treasure Island Service**

This project, which will be implemented by the Treasure Island Development Authority (TIDA), the San Francisco County Transportation Authority (acting in its capacity as the Treasure Island Mobility Management Authority), and the prospective developer, will institute new ferry service to be operated by WETA between Treasure Island and downtown San Francisco in connection

with the planned Treasure Island Development Project. The anticipated start of operations would be 2023 given the current project schedule.

WETA staff is working with City of San Francisco staff to support development of this project. In that capacity, they are participating in regular meetings of the City's Technical Advisory Committee, convened to update and further develop the Treasure Island Mobility Management Program that will include a new ferry service to be provided in conjunction with the development project. Staff has developed a draft Memorandum of Understanding (MOU) for discussion with the City that would set forth the terms and conditions under which WETA would operate the future Treasure Island ferry service. The finalization and execution of the MOU for the Treasure Island service would be subject to consideration by the WETA Board.

### **Alameda Seaplane Lagoon Ferry Terminal**

In April 2016, the Alameda City Council and WETA Board of Directors adopted a MOU defining a future service concept for western Alameda and identifying the terms and conditions under which a new Seaplane Lagoon Ferry Service would be implemented. The MOU defines roles and responsibilities for each party pertaining to the proposed construction of a new ferry terminal along Seaplane Lagoon on the former Naval Air Station at Alameda Point, future operation of the service, and the pursuit of funds necessary to support the new service. Staff will continue to work with the City to fulfill WETA's commitments under the MOU with the common goal of achieving the start of service by 2020.

### **Mission Bay Ferry Landing**

The Port of San Francisco released an engineering feasibility and site selection study for a future Mission Bay ferry landing in March 2016. WETA staff participated in the study and provided input regarding ferry operations and potential service models. In December 2016, the Port of San Francisco awarded a contract to COWI/OLMM to complete preliminary design, permitting and entitlement activities and has begun the process in partnership with WETA. To support the effort, the City and Port of San Francisco have placed \$7 million in its capital budget. A project MOU between the Port and WETA was adopted by the WETA Board in January 2017. Staff has been working together with Port staff and their consultants on initial design and environmental testing activities. Preliminary designs for the ferry landing should be available by summer 2017.

### **Redwood City Ferry Terminal**

A Draft Redwood City Ferry Terminal site feasibility report was completed in 2012 in an effort to identify site opportunities, constraints and design requirements, and better understand project feasibility and costs associated with the development of a terminal and service to Redwood City. During the summer of 2016, staff from the Port, WETA and the City of Redwood City met to redefine the project, shifting the development toward a public facility available to multiple ferry operators in advance of formal WETA service given the lack of project funds for such service at this time. This alternative development model will allow the Port and City to move forward with construction of a terminal, allowing time for WETA and the City to advocate for operational and vessel funding for eventual WETA service. Staff has been working with City and Port officials on a project MOU. City and Port staff are reaching out to also include the San Mateo Transportation Authority which will provide funding for the design and development stages of the project as a partner in the MOU.

## **SYSTEM PLANS/STUDIES**

### **Alameda Terminals Access Initiatives**

The City of Alameda will be considering a residential permit program for the Harbor Bay Ferry Terminal area in March 2017. City of Alameda staff has coordinated with the Harbor Bay Master Homeowner's Association to develop a strategy for addressing overflow parking in the vicinity of

the Harbor Bay Terminal. The strategy proposes to institute a residential parking permit program, thereby eliminating overflow parking on the surrounding arterial and residential streets. City of Alameda staff anticipate implementing a neighborhood parking permit program by summer 2017. In addition, the Homeowner's Association requests that WETA consider a parking fee at the lot and that potential revenue from parking fees help fund a free shuttle program for Harbor Bay residents. WETA staff has engaged a parking specialist consultant and will be evaluating potential parking fee programs, not just for Harbor Bay but for the entire WETA system. A program of systemwide parking fee program policy goals was approved by the WETA Board in November 2016 and it will be used to guide the development of a specific paid parking program for the Harbor Bay Terminal site.

At Main Street, WETA staff has worked with City staff since spring 2015 to open the Officer's Club parking lot as an overflow lot for the many riders parking on dirt lots or on the shoulders of Main Street. WETA funded a new crosswalk and minor improvements to the lot which opened to ferry riders on May 24, 2016. Aside from parking, installation of 20 bicycle lockers at the Main Street terminal -- funded through a grant from the Bay Area Air Quality Management District -- occurred on February 22, 2016. Staff will shift its focus to additional improvements that can be made related to alternative terminal access modes such as buses, shuttles, bicycles, and pedestrian improvements after the parking improvements are underway. Staff has recently met with private companies such as Lyft, Chariot and Scoop in an effort to explore alternative options for improving transportation options for ferry riders in Alameda and elsewhere.

### **Berkeley Environmental Studies**

The proposed Berkeley service will provide an alternative transportation link between Berkeley and downtown San Francisco. Staff has coordinated with Federal Transit Administration (FTA) staff to discuss the process for completion of the Final EIS/EIR. FTA has indicated that it will not be able to complete the NEPA process and issue a Record of Decision because a long-term operational funding source is not available for the service at this time. Staff will work with the new Mayor and City Council of Berkeley in the coming months to review the project work to date and discuss opportunities to move this project forward in the near future.

### **OTHER BUSINESS**

#### **Assembly Bill 1121 (Chiu)**

Assemblymember David Chiu (D) San Francisco, has introduced AB-1121 to make changes to WETA and enhance its ability to provide regional ferry services in the Bay Area. The bill, which passed to the Senate on May 18, 2017, includes language to increase the membership of the WETA Board of Directors to nine members, with five members to be appointed by the Governor, two members to be appointed by the Senate Committee on Rules and two members to be appointed by the Speaker of the Assembly.

#### **Regional Measure 3**

Conversations are underway with the California State Legislature and the Metropolitan Transportation Commission (MTC) to bring a new bridge toll funding measure (Regional Measure 3) to Bay Area ballots in 2018.

Staff is utilizing WETA's Strategic Plan, adopted in October 2016, as the basis for WETA's request for Regional Measure 3 funds. Staff has developed a proposal for RM3 Principles and an Investment Program for Board consideration at the June 2017 meeting. The Investment Program includes \$600 million in capital and up to \$41 million in annual operating subsidy. The benefits of the program will be a four-fold increase in WETA ferry service and new terminals in Berkeley, Alameda, Mission Bay and Redwood City.

#### **Renewable Diesel Investigation**

The Port of San Francisco has approached Bay Area ferry operators to request that they switch to utilizing renewable diesel for the operation of ferry vessels by the end of 2017. This request is on behalf of Mayor Lee, and is a follow-on to his initiative to convert San Francisco's public fleet to renewable diesel. Staff is in the process of gathering the information necessary to consider whether use of this fuel is technically and financially feasible. Testing by MTU engine manufacture and independent laboratories is currently being conducted.

### **CPUC Organizational Changes**

Staff is monitoring CPUC reorganization efforts as they relate to transferring transportation related responsibilities to the California State Transportation Agency (CalSTA). Staff will work with Directors Breckenridge and Wunderman to engage in consultative discussions with state officials as plans are developed by the State to help ensure that planning for a ferry regulatory oversight transition is done in a manner that supports WETA's legislative authority and ability to provide safe and effective public transit service.

### **Emergency Response Activities Update**

WETA's enabling legislation, SB 976 as amended by SB 1093, directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. Staff is currently working on the following emergency response related activities:

Communications: As a part of the development of the Emergency Response Plan approved by the Board in March 2016, staff identified a list of action items to bolster the WETA emergency response program, including several items to refine its communication systems:

- Staff is working on transferring WETA's P25 radios from the San Francisco's Citywide Emergency Radio System to the East Bay Regional Communication System (EBRCS). Radio testing occurred on March 25 and 26 and confirmed that EBRCS provides better coverage for WETA's emergency communication needs. The transfer to the EBRCS should be complete by the end of June.
- Based on an analysis of various communication equipment, staff has determined that the best equipment to provide to Blue & Gold Fleet to implement their staff recall plan are satellite phones. Equipment has been ordered and is expected to be distributed to Blue & Gold Fleet by the end of June.

MARAD Fuel Exercise: In celebration of National Maritime Day, on May 22 WETA and the Maritime Administration (MARAD) participated in a dry, over the water fueling exercise to ensure compatibility of fueling hoses between the MARAD and WETA fleets and fendering requirements for WETA vessels to be able to dock at MARAD's Pier 2 facility. WETA conducted a similar exercise in November 2015. The exercise was completed in 30 minutes and connected a 150 foot, 1½ inch hose with camlock fittings from the MV *Gemini* to a valved transfer connection on the MARAD vessel *Adm Callaghan*. The exercise demonstrated the capability to transfer fuel from the MARAD roll-on/roll-off ship, *Adm Callaghan*, to a WETA ferry for refueling during an emergency event. Two representatives from Golden Gate Ferry observed the exercise and the United States Coast Guard provided an overview of their oversight responsibilities during fueling.

### SF Bay Regional Port Reopening Coalition Emergency Ferry Transportation Workshop:

This coalition is a group of partnering agencies in the maritime community working together to clarify the coordination process of the critical path to overall restoration of port operations following a catastrophic disaster through a series of discussion based workshops and exercises. As a follow up to the workshop series, it is the intent of this coalition to draft playbooks and begin to test them during the 2017 San Francisco Fleet Week Full Scale Exercise. On Thursday May 25, WETA participated in the coalition workshop focused on



emergency ferry transportation following a catastrophic event. The workshop consisted of a presentation providing an overview of the WETA Emergency Response Plan (ERP) and current projects supporting WETA's emergency response program as well as a series of discussion questions. During the workshop the coalition discussed WETA's resource requirements for implementing the ERP including requirements for constructing temporary ferry terminals, predetermined ferry routes and the maximum passenger capacity for survivor movement across the bay. Representatives from the following agencies attended: U.S. Coast Guard, US Army Corps of Engineers, Department of Transportation, Federal Emergency Management Agency, Maritime Administration, San Francisco Department of Emergency Management, the Ports of San Francisco and Oakland, Golden Gate Ferry, Blue & Gold Fleet, and Red & White Fleet, among others.

### **KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH**

On May 12, Kevin Connolly, Mike Gougherty, and Ernest Sanchez met with Equity Office Partners to discuss outreach efforts for the WETA FTX project.

On May 16, Chad Mason attended the City of Richmond Council meeting where a lease for the future Richmond Ferry Terminal was approved.

On May 16-19, Nina Rannells and Kevin Connolly traveled with the Bay Area Council New York delegation for a fact-finding trip to New York to learn about New York City's recently-opened new East River services.

On May 19, Mike Gougherty attended a Regional Measure 3 Alameda County stakeholder meeting hosted by State Assemblymember Rob Bonta and State Senator Nancy Skinner.

On May 22, WETA and the Maritime Administration (MARAD) participated in a dry, over the water fueling exercise at Pier 2 in Alameda.

On May 24, Kevin Connolly and Mike Gougherty attended a Regional Measure 3 stakeholder meeting hosted by the Bay Area Council.

On May 25, Lauren Gularte, Kevin Donnelly and Aden Anderson from Blue & Gold Fleet participated in the SF Bay Regional Port Reopening Coalition Emergency Ferry Transportation workshop at the Port of Oakland.

### **OPERATIONS REPORT**

WETA summer schedules became effective May 1, with increased service primarily on weekends, consistent with last year's seasonal service levels.

**Monthly Operating Statistics** - The Monthly Operating Statistics Report for April 2017 is provided as Attachment A.

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

## Attachment A

### Monthly Operating Statistics Report April 2017

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide
<b>Boardings</b>	<i>vs. last month</i>	Total Passengers April 2017	96,479	26,896	11,247	83,885	218,507
		Total Passengers March 2017	87,172	30,773	13,693	81,180	212,818
		Percent change	10.68%	-12.60%	-17.86%	3.33%	2.67%
	<i>vs. same month last year</i>	Total Passengers April 2017	96,479	26,896	11,247	83,885	218,507
		Total Passengers April 2016	91,309	27,509	10,860	78,657	208,335
		Percent change	5.66%	-2.23%	3.56%	6.65%	4.88%
	<i>vs. prior FY to date</i>	Total Passengers Current FY To Date	946,690	262,489	110,567	805,193	2,124,939
		Total Passengers Last FY To Date	929,795	256,661	102,927	780,108	2,069,491
		Percent change	1.82%	2.27%	7.42%	3.22%	2.68%
		Avg Weekday Ridership April 2017	3,549	1,345	562	3,664	9,120
<b>Ops Stats</b>		Passengers Per Hour	179	207	73	130	149
		Revenue Hours	539	130	155	645	1,469
		Revenue Miles	6,472	2,873	2,470	17,598	29,413
<b>Fuel</b>		Fuel Used (gallons)	54,699	14,949	13,784	143,482	226,914
		Avg Cost per gallon	\$2.01	\$2.01	\$2.01	\$1.93	\$1.96

\* Includes backup bus boardings. April bus ridership totaled 1414 for Vallejo.

MEMORANDUM

**TO: Board Members**

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

**SUBJECT: Monthly Review of FY 2016/17 Financial Statements for Ten Months  
Ending April 30, 2017**

**Recommendation**

There is no recommendation associated with this informational item.

**Summary**

This report provides the attached FY 2016/17 Financial Statements for ten months ending April 30, 2017.

**Operating Budget vs. Actual**

	Prior Actual	Current Budget	Current Actual
<b>Revenues - Year To Date:</b>			
Fare Revenue	12,278,434	15,148,695	14,975,741
Local Bridge Toll Revenue	8,261,853	16,297,732	11,698,352
Other Revenue	141,627	329,486	2,625
<b>Total Operating Revenues</b>	<b>20,681,914</b>	<b>31,775,912</b>	<b>26,676,718</b>
<b>Expenses - Year To Date:</b>			
Planning & Administration	1,710,029	2,498,630	2,053,158
Ferry Services	18,971,885	29,277,282	24,623,560
<b>Total Operatings Expenses</b>	<b>20,681,914</b>	<b>31,775,912</b>	<b>26,676,718</b>
<b>System-Wide Farebox Recovery %</b>	<b>65%</b>	<b>52%</b>	<b>61%</b>

**Capital Actual and % of Total Budget**

	YTD Actual	% of FY 2016/17 Budget
<b>Revenues:</b>		
Federal Funds	14,933,632	41.74%
State Funds	29,642,954	58.18%
Bridge Toll Revenues	9,972,628	35.55%
Other Local Funds	1,318,583	50.92%
<b>Total Capital Revenues</b>	<b>55,867,797</b>	<b>47.60%</b>
<b>Expenses:</b>		
<b>Total Capital Expenses</b>	<b>55,867,797</b>	<b>47.60%</b>

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

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

**San Francisco Bay Area Water Emergency Transportation Authority**  
**FY 2016/17 Statement of Revenues and Expenses**  
**For Ten Months Ending 4/30/2017**

% of Year Elapsed 83%

	Current Month	Year - To - Date			Total FY 2016/17 Budget	% of Total Budget
		FY2015/16 Actual	FY 2016/17 Budget	FY 2016/17 Actual		
<b>OPERATING EXPENSES</b>						
<b><u>PLANNING &amp; GENERAL ADMIN:</u></b>						
Wages and Fringe Benefits	\$82,140	\$865,758	\$1,182,685	\$1,150,282	1,420,000	81.0%
Services	93,616	889,087	1,418,805	909,138	1,703,500	53.4%
Materials and Supplies	19,219	8,117	54,970	38,790	66,000	58.8%
Utilities	2,120	16,088	22,488	17,276	27,000	64.0%
Insurance	-	-	23,321	1,178	28,000	4.2%
Miscellaneous	27,444	63,223	190,729	230,587	229,000	100.7%
Leases and Rentals	30,532	220,981	269,019	285,122	323,000	88.3%
Admin Overhead Expense Transfer	(55,540)	(353,225)	(663,386)	(579,215)	(796,500)	72.7%
<b>Sub-Total Planning &amp; Gen Admin</b>	<b>\$199,530</b>	<b>\$1,710,029</b>	<b>\$2,498,630</b>	<b>\$2,053,158</b>	<b>3,000,000</b>	<b>68.4%</b>
<b><u>FERRY OPERATIONS:</u></b>						
<b><u>Harbor Bay FerryService</u></b>						
Purchased Transportation	\$142,269	\$1,162,661	\$1,546,569	\$1,243,190	1,856,900	66.9%
Fuel - Diesel & Urea	30,003	199,759	376,544	238,040	452,100	52.7%
Other Direct Operating Expenses	20,987	289,474	469,243	299,745	563,400	53.2%
Admin Overhead Expense Transfer	7,087	46,672	85,786	73,748	103,000	71.6%
<b>Sub-Total Harbor Bay</b>	<b>\$200,346</b>	<b>\$1,698,566</b>	<b>\$2,478,141</b>	<b>\$1,854,723</b>	<b>2,975,400</b>	<b>62.3%</b>
<b>Farebox Recovery</b>	<b>61%</b>	<b>61%</b>	<b>50%</b>	<b>66%</b>	<b>50%</b>	
<b><u>Alameda/Oakland Ferry Service</u></b>						
Purchased Transportation	\$719,704	\$4,040,877	\$5,957,401	\$5,970,782	7,152,800	83.5%
Fuel - Diesel & Urea	54,699	647,392	1,677,330	838,311	2,013,900	41.6%
Other Direct Operating Expenses	74,404	678,528	1,272,386	903,537	1,527,700	59.1%
Admin Overhead Expense Transfer	23,247	156,717	281,512	241,635	338,000	71.5%
<b>Sub-Total Alameda/Oakland</b>	<b>\$872,054</b>	<b>\$5,523,515</b>	<b>\$9,188,629</b>	<b>\$7,954,265</b>	<b>11,032,400</b>	<b>72.1%</b>
<b>Farebox Recovery</b>	<b>61%</b>	<b>66%</b>	<b>52%</b>	<b>60%</b>	<b>52%</b>	
<b><u>Vallejo FerryService</u></b>						
Purchased Transportation	\$906,005	\$6,739,276	\$8,636,848	\$8,487,751	10,369,900	81.8%
Fuel - Diesel & Urea	277,127	2,044,959	4,258,582	2,895,553	5,113,100	56.6%
Other Direct Operating Expenses	89,137	829,362	1,294,457	1,024,086	1,554,200	65.9%
Admin Overhead Expense Transfer	21,390	124,505	249,447	222,608	299,500	74.3%
<b>Sub-Total Vallejo</b>	<b>\$1,293,659</b>	<b>\$9,738,103</b>	<b>\$14,439,334</b>	<b>\$12,629,999</b>	<b>17,336,700</b>	<b>72.9%</b>
<b>Farebox Recovery</b>	<b>67%</b>	<b>71%</b>	<b>59%</b>	<b>65%</b>	<b>59%</b>	
<b><u>South San Francisco FerryService</u></b>						
Purchased Transportation	\$159,399	\$1,500,743	\$2,196,296	\$1,538,683	2,637,000	58.3%
Fuel - Diesel & Urea	27,665	253,708	479,987	292,103	576,300	50.7%
Other Direct Operating Expenses	29,775	231,918	448,254	312,563	538,200	58.1%
Admin Overhead Expense Transfer	3,816	25,332	46,641	41,224	56,000	73.6%
<b>Sub-Total South San Francisco</b>	<b>\$220,655</b>	<b>\$2,011,701</b>	<b>\$3,171,178</b>	<b>\$2,184,573</b>	<b>3,807,500</b>	<b>57.4%</b>
<b>Farebox Recovery</b>	<b>38%</b>	<b>31%</b>	<b>23%</b>	<b>37%</b>	<b>23%</b>	
<b>Total Operating Expenses</b>	<b>\$2,786,244</b>	<b>\$20,681,914</b>	<b>\$31,775,912</b>	<b>\$26,676,718</b>	<b>38,152,000</b>	<b>69.9%</b>
<b>OPERATING REVENUES</b>						
Fare Revenue	\$1,611,598	\$12,278,434	\$15,148,695	\$14,975,741	18,188,400	82.3%
Local - Bridge Toll	1,174,271	8,261,853	16,297,732	11,698,352	19,568,000	59.8%
Local - Alameda Tax & Assessment	-	-	329,486	-	395,600	0%
Local - Other Revenue	375	141,627	-	2,625	-	0%
<b>Total Operating Revenues</b>	<b>\$2,786,244</b>	<b>\$20,681,914</b>	<b>\$31,775,912</b>	<b>\$26,676,718</b>	<b>38,152,000</b>	<b>69.9%</b>

**San Francisco Bay Area Water Emergency Transportation Authority**  
**FY 2016/17 Statement of Revenues and Expenses**  
**For Ten Months Ending 4/30/2017**

Project Description	Current Month	Project Budget	Prior Years Actual	FY2016/17 Budget	FY2016/17 Actual	Future Year	% of Total Project Budget
<b>CAPITAL EXPENSES</b>							
<b>FACILITIES:</b>							
<b>Maintenance and Operations Facilities</b>							
North Bay Operations & Maintenance Facility	\$9,621	\$31,082,000	\$28,592,897	\$2,489,103	\$1,335,507	\$0	96%
Central Bay Operations & Maintenance Facility	2,239,409	69,500,000	4,425,134	32,962,866	20,222,574	32,112,000	35%
<b>Terminal Improvement</b>							
Electronic Bicycle Lockers	-	79,500	46,661	32,839	-	-	59%
Terminal Access Improvement	-	250,000	67,528	182,472	2,724	-	28%
Replace Terminal Fendering - East Bay Terminals	-	92,000	-	92,000	-	-	0%
<b>FERRY VESSELS:</b>							
<b>Major Component Rehabilitation / Replacement</b>							
Selective Catalyst Reduction (SCR) System Overhaul	-	1,400,000	61,008	1,338,992	21,243	-	6%
Major Component Rehabilitation - Solano	-	430,000	-	430,000	8,503	-	2%
Vessel Engine Overhaul - Bay Breeze	-	850,000	-	850,000	-	-	0%
Vessel Engine Overhaul - Scorpio	-	625,000	-	625,000	316,679	-	51%
Major Component & Waterjets Rehab - Mare Island	8,178	3,600,000	-	3,600,000	2,119,762	-	59%
<b>Vessel Mid-Life Repower/Refurbishment</b>							
Vessel Qtr-Life Refurb & Capacity Increase - Gemini	-	3,507,000	2,053,446	1,453,554	1,276,742	-	95%
Vessel Qtr-Life Refurb & Capacity Increase - Pisces	8,122	4,100,000	-	4,100,000	2,050,769	-	50%
Vessel Qtr-Life Refurbishment - Taurus	5,029	2,500,000	-	2,500,000	10,776	-	0%
<b>Vessel Expansion/Replacement</b>							
Purchase Replacement Vessel - Express II & Encinal	56,400	33,951,000	19,724,430	14,226,570	4,852,946	-	72%
Purchase Replacement Vessel - Vallejo	160,942	23,372,000	56,940	8,447,060	3,525,577	14,868,000	15%
<b>CAPITAL EQUIPMENT / OTHER:</b>							
Purchase Heavy Duty Forklift	-	105,000	-	105,000	81,616	-	78%
Purchase Utility Vehicles	-	50,000	-	50,000	42,201	-	84%
CCTV and LCD Network Integration	-	400,000	-	300,000	-	100,000	0%
<b>SERVICE EXPANSION:</b>							
<b>Terminal/Berthing Expansion Construction</b>							
Downtown Ferry Terminal Expansion - South Basin	336,053	97,965,000	5,569,989	8,279,011	3,906,126	84,116,000	10%
Richmond Ferry Terminal	91,829	20,000,000	1,383,228	4,403,772	993,488	14,213,000	12%
<b>Expansion Ferry Vessels</b>							
Richmond Ferry Vessels - 2 each	321,687	46,745,000	105,789	16,897,211	7,041,063	29,742,000	15%
Two New 400-Passenger Vessels	5,111,379	33,400,000	-	14,000,000	8,059,500	19,400,000	24%
<b>Total Capital Expenses</b>	<b>\$8,348,648</b>	<b>\$374,003,500</b>	<b>\$62,087,050</b>	<b>117,365,450</b>	<b>\$55,867,797</b>	<b>\$194,551,000</b>	
<b>CAPITAL REVENUES</b>							
Federal Funds	\$163,289	\$67,394,384	\$13,093,526	\$35,779,068	\$14,933,632	\$18,521,790	42%
State Funds	5,461,825	242,196,825	37,429,974	50,946,164	29,642,954	153,820,687	28%
Local - Bridge Toll	2,714,860	58,293,891	8,584,455	28,050,913	9,972,628	21,658,523	32%
Local - Alameda Sales Tax Measure B / BB	7,050	4,950,000	2,949,095	2,000,905	1,152,962	-	83%
Local - Alameda TIF / LLAD	1,624	18,400	-	18,400	165,622	-	900%
Local - San Francisco Sales Tax Prop K	-	1,100,000	-	550,000	-	550,000	0%
Local - Transportation Funds for Clean Air	-	50,000	30,000	20,000	-	-	60%
<b>Total Capital Revenues</b>	<b>\$8,348,648</b>	<b>\$374,003,500</b>	<b>\$62,087,050</b>	<b>\$117,365,450</b>	<b>\$55,867,797</b>	<b>\$194,551,000</b>	

**AGENDA ITEM 5c**  
**MEETING: June 8, 2017**

**MEMORANDUM**

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**TO: WETA Board Members**

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

**SUBJECT: WETA Federal Legislative Board Report – May 30, 2017**

This report covers the following topics:

1. President Trump Sends Details on FY18 Budget Request to Congress
2. Continued Efforts to Streamline the Permitting Process
3. Port Security Grant Program Funding Available
4. FTA Ferry Grant Program Notice of Funding Opportunity Expected in Coming Weeks

**President Trump Sends Details on FY18 Budget Request to Congress**

President Trump released additional details on his FY18 budget request, which include proposed cuts to the DOT budget totaling nearly 13 percent. If enacted, the President's budget would reduce the personnel and resources available to administer programs such as the FHWA ferry formula program and the FTA ferry grant program, which would cause even further delays in releasing funding. (Note that actual funding levels for the FHWA ferry formula program and the FTA ferry grant program are not affected by this budget, given that they are funded through the surface transportation bill.) The President also proposes to cut – or outright eliminate – grant programs that WETA is eligible for, including the TIGER grant program (for infrastructure projects) and the Port Security Grant program.

It is important to remember that the President's budget request is just that – a request. Congress has the final say in how much money is appropriated to DOT and other government agencies. Even so, transportation advocates will not be taking any chances, and will be lobbying Congress in the coming weeks and months to ensure the President's budget does not gain traction in Congress.

***Budget Timeline***

House and Senate Appropriations Committees began holding hearings on the President's budget upon receipt and in the coming weeks, each of the 12 appropriations subcommittees will begin taking up their respective appropriations bills. Given the late start of the process (the President normally sends a detailed budget to Congress in February), we expect Congress to pass a

Continuing Resolution (CR) in September that funds the federal government at the previous year's funding levels (in this case, federal agencies will begin FY18 being funded at FY17 levels), and then complete the FY18 appropriations process in the weeks or months after that. In many years, Congress finishes the appropriations process in November or December (i.e. two or three months into the new fiscal year). In some years, that process carries over into the first few months of the next calendar year.

### **Continued Efforts to Streamline the Permitting Process**

Given WETA's plans for future construction of new ferry terminals and other facilities in the Bay Area, the Trump Administration's continued focus on permitting reform could provide real benefit to the agency. White House staff is talking with project developers and other transportation proponents to better understand what specific changes to the permitting process could shorten the amount of time it takes to complete transportation projects, while also reducing the cost of building new infrastructure. The end goal of this mostly informal process is to identify those changes to the permitting process that can be made under existing authority and then have the President issue executive orders and/or memorandums to make the changes, much like the executive order issued earlier this year that requires agencies to repeal two regulations for every new one they create. Any changes to the regulatory process that cannot be made under existing authority would be combined into a legislative package that could also include changes to the National Environmental Protection Act (NEPA), which is the basis for agency review of a proposed project's environmental impact.

### **Port Security Grant Program Funding Available**

The FY17 Omnibus Appropriations bill funds the Port Security Grant Program (PSGP) at \$100,000,000 for this fiscal year. Given the fact that Congress has completed the appropriations process so late in the year, FEMA is streamlining the application process, requiring applicants to submit project requests within 30 days of releasing the funding notice. The maximum grant award for FY17 under the PSGP is \$1 million, although most awards are significantly lower than this threshold. As in past years, FEMA expects the program to be competitive – a total of \$298,000,000 in project applications was submitted for FY16, while only \$100,000,000 was available. PSGP funding can be used to purchase equipment or fund training activities.

### **FTA Ferry Grant Program Notice of Funding Opportunity Expected in Coming Weeks**

Federal Transit Administration (FTA) staff has indicated their intent to issue a funding notice for the ferry grant program in June or July. When the NOFA is finally released, we will work with the Congressional delegation to convey support to FTA for whatever project WETA seeks funding.

Respectfully Submitted,  
Peter Friedmann and Ray Bucheger

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

*(May 11, 2017)*

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session at the Port of San Francisco, Pier 1 in San Francisco, CA.

**1. CALL TO ORDER – BOARD CHAIR**

Chair Jody Breckenridge called the meeting to order at 1:16 p.m.

**2. ROLL CALL**

Chair Breckenridge, Director Jeffrey DelBono, Director Timothy Donovan, Director Anthony Intintoli, and Vice Chair James Wunderman were in attendance.

**3. REPORT OF BOARD CHAIR**

Chair Breckenridge thanked all who had attended the earlier celebration that day at the Downtown Ferry Terminal Expansion (DFTX) Groundbreaking event and WETA staff for a great job on outreach for the event. She said she especially appreciated the inclusion of so many WETA partners in the ceremony.

**4. REPORTS OF DIRECTORS**

Vice Chair Wunderman said the event earlier that day had been wonderful for WETA, the City of San Francisco, WETA passengers, and for water transportation in the Bay Area generally. He thanked staff for their work on the event and extended special thanks to Senior Planner Michael Gougherty for his efforts on the project and the groundbreaking event and to Public Information and Marketing Manager Ernest Sanchez for his event planning.

Vice Chair Wunderman said that he and Bay Area Council Policy Director Emily Loper had been having numerous discussions in Sacramento with legislators about a future Regional Measure 3 (RM3) which would be critical to the future of Bay Area water transportation and to WETA.

Vice Chair Wunderman added that various people from the Bay Area Council and WETA would be traveling to New York later in the month to visit its new five borough ferry system and to learn more about the process for getting it up and running so quickly. He invited all to join them on that trip by contacting Ms. Loper at the Bay Area Council.

Director Donovan also thanked staff for the groundbreaking event earlier in the day.

**5. REPORTS OF STAFF**

Executive Director Nina Rannells shared her written report with Directors and welcomed questions. She thanked WETA partners who had attended the DFTX Groundbreaking and staff for their work on the event. Ms. Rannells extended extra thanks to Mr. Gougherty and Planning and Development Manager Kevin Connolly for their diligence and continuing efforts to bring the vital DFTX project to fruition.

Ms. Rannells said the Assembly Appropriations Committee had passed Assemblymember Chiu's bill concerning WETA, AB-1121, on May 10 and the bill was headed to the California Assembly Floor. She said that the only language in the Bill pertained to expanding WETA's Board from five to nine Directors. Ms. Rannells said the Assembly had until June 2 to pass the bill out to the Senate.



Ms. Rannells also acknowledged the Bay Area's celebration of Bike to Work Day that day and noted that WETA vessels had transported more than 12,000 bicycles in the month of April.

#### **6. CONSENT CALENDAR**

There was Board consensus to vote on the Consent Calendar as a whole rather than voting on each item individually.

Director Intintoli made a motion to approve the consent calendar which included:

- a. Board Meeting Minutes – April 6, 2017
- b. Approve Purchase of Commercial Insurance Policies
- c. Approve Sole Source Contract with Valley Power Systems North, Inc. for Overhaul of the MV *Bay Breeze* Main Engines

Director DelBono seconded the motion and the item carried unanimously.

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

#### **7. AWARD CONTRACT TO MANSON CONSTRUCTION CO. FOR CONSTRUCTION OF THE RICHMOND FERRY TERMINAL PROJECT**

Senior Planner Chad Mason presented this item to approve the following actions related to the Richmond Ferry Terminal construction project:

1. Approve contract award to Manson Construction Co. for design-build construction in the amount of \$16,135,000; and
2. Authorize the Executive Director to negotiate and enter into a contract for this work and take any other related actions as may be necessary to support this work; and
3. Authorize a project budget increase to the Richmond Ferry Terminal project in the FY2016/17 Capital Budget in the amount of \$2,000,000 to support contract award and contingency.

Mr. Mason noted that since publication of the Board packet, additional Small Business Enterprise (SBE) certifications had been confirmed for the project. He said total SBE participation in the project was now at 11 percent. He also noted that with the Board's approval of the award, a Notice to Proceed would be issued to Manson Construction Co. after the Richmond City Council's anticipated approval of the planned terminal property lease at its meeting the following week.

Mr. Mason then introduced the City of Richmond's Chief of Staff Alex Knox, Administrative Chief Shasa Curl, Health and Sustainability Associate Mike Uberti, and Senior Assistant City Attorney Carlos Privat in attendance to support the project.

#### **PUBLIC COMMENT**

Mr. Knox thanked Mr. Mason and Mr. Connolly for their work on the project and said Richmond Mayor Tom Butt and City staffs were all very excited about the ferry service coming to Richmond. He emphasized that the City was happy to work with all partners in doing anything possible to move the project forward and keep it on schedule to meet the planned start of service date.

The Board thanked Mr. Knox for the City's support and Chair Breckenridge explained that the project had recently cleared some hurdles related to the City's public art piece that will be installed next to the planned ferry terminal but that the project was now on track with a solid schedule. She added that WETA was also very conscious of timelines and said that the Board and staff appreciated the strong partnership of Mayor Butt and the Richmond City staff.

Director DelBono made a motion to approve the item.

Director Donovan seconded the motion and the item carried unanimously.

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

**8. APPROVE FISCAL YEAR 2017/18 OPERATIONS AND CAPITAL BUDGET**

Finance & Grants Manager Lynne Yu presented this item to approve the proposed Fiscal Year 2017/18 Operating and Capital Budget.

The Board asked how the new fuel tax in the recently passed California Senate transportation funding bill SB-1 would affect the new proposed WETA budget. Ms. Yu explained that WETA's ferry diesel fuel would be exempt from those taxes because they were related specifically to fuel associated with on-road vehicles, not water.

The Board also confirmed with Ms. Yu that the new budget supported the addition of an accounting staff person.

Director Donovan made a motion to approve the item.

Director Intintoli seconded the motion and the item carried unanimously.

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

**9. AUTHORIZE FILING APPLICATIONS WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR FY 2017/18 REGIONAL MEASURE 1 AND REGIONAL MEASURE 2 OPERATING AND CAPITAL FUNDS**

Ms. Yu presented this item to approve the following actions relative to securing operating and capital funds to support WETA's FY2017/18 Operating and Capital Budget:

1. Authorize the Executive Director to file an application with the Metropolitan Transportation Commission (MTC) for a total of \$3,702,900 FY 2017/18 Regional Measure 1 (RM1) operating and capital funds; and
2. Authorize the Executive Director to file applications with MTC for a total of \$19,500,000 FY 2017/18 Regional Measure 2 (RM2) operating funds; and
3. Authorize the Executive Director to take any other related actions as may be required to secure these funds.

Ms. Yu explained that MTC requested a Board Resolution to support this funding.

**PUBLIC COMMENT**

Veronica Sanchez, representing Masters, Mates & Pilots, asked Directors what percentage of RM2 funds WETA received out of the available total RM2 funding allocations in relation to other Bay Area transportation agencies.

The Board said that information would be provided and said that having a one page fact sheet with this information - broken out by operating, capital and total funds – could help to inform the Regional Measure 3 discussions. Directors also requested clarity on both what was allocated to WETA and what amount WETA had returned to the pool.

Director Donovan made a motion to approve the item.

Director Intintoli seconded the motion and the item carried unanimously.

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

**10. APPROVE PROPOSITION 1B PROGRAM OF PROJECTS AND AUTHORIZE AGENCY OFFICIALS TO EXECUTE PROGRAM REQUIREMENTS**

Ms. Yu presented this item to authorize the following actions related to the FY 2016/17 Proposition 1B Waterborne grant programs:

1. Approve the proposed FY 2016/17 Proposition 1B Waterborne projects for transmittal to the California Governor's Office of Emergency Services; and
2. Authorize the Executive Director, Attorney and Finance and Grants Manager to execute grant program documents and to take all other actions as may be required to obtain funding.

**PUBLIC COMMENT**

Ms. Sanchez asked Directors if the \$9,000,000 in Proposition 1B funding noted in the item for vessels was money that was designated as already committed funding in WETA's Strategic Plan.

Ms. Rannells said that the amount was designated as committed in the Strategic Plan. She cautioned that it was prudent to remember that the Strategic Plan, finalized last year, was already aging. She added that Proposition 1B funding was a true lifeline in supporting WETA's service.

Director DelBono made a motion to approve the item.

Director Wunderman seconded the motion and the item carried unanimously.

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

**11. ADOPT WETA LOCAL HAZARD MITIGATION PLAN**

Mr. Mason presented this item to adopt the San Francisco Bay Area Water Emergency Transportation Authority Local Hazard Mitigation Plan (LHMP). He extended special thanks to Lee Rosenberg of Navigating Preparedness Associates for his efforts on the LHMP creation. Mr. Mason said the Federal Emergency Management Agency had approved the LHMP without question or comment.

Mr. Mason explained that WETA was already doing many of the things listed in the LHMP and said an Action Plan would soon be established to support those Plan items not already in place. The Board noted that creating this Plan had been a daunting task and thanked Mr. Mason for his diligence in bringing it to fruition. Chair Breckenridge remarked on the high quality and thoroughness of the Plan and said the Board would like to see updated budgets for the LHMP requirements. Program Manager/Analyst Lauren Gularte said that there were various grants available for some specific items in the LHMP and that staff would be looking at those to assist with funding to support the Plan's Action Items.

Director Intintoli made a motion to approve the item.

Director DelBono seconded the motion and the item carried unanimously.

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

**12. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS**

Jerry Bellows from MARAD noted that May 22 was National Maritime Day. He extended an invitation to observe a dry fueling exercise for a WETA vessel that was planned for that day at Pier 2 in Alameda at

10 a.m. Mr. Bellows also congratulated WETA on reaching a 40% farebox recovery on its South San Francisco route and noted that this was an important milestone for WETA.

There being no further business, the Board adjourned at the hour 2:13 p.m.

Signed,

Board Secretary

MEMORANDUM

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**TO: Board Members**

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

**SUBJECT: Overview of FY 2016/17 Financial Audit Scope and Process**

**Recommendation**

There is no required action associated with this informational item.

**Background/Discussion**

Section 106.6 of WETA's Administrative Code requires preparation of an annual financial audit report by an independent auditor consistent with California Government Code Section 66540.54. The firm of Maze & Associates (Maze) has been hired to perform the independent audit for FY 2016/17.

Maze is scheduled to begin the initial field work associated with the audit of WETA's FY 2016/17 financial statements on June 26, 2017, and to issue the final audit reports no later than December 2017. The Engagement Letter, provided as **Attachment A** to this report, describes the scope of their audit, audit objectives, responsibilities of management and audit procedures pertaining to the audit. In addition, Maze has included their most recent peer review report.

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

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

# Attachment A



February 27, 2017

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

Dear Nina:

We are pleased to confirm our understanding of the services we are to provide for the San Francisco Bay Area Water Emergency Transit Authority for the year ended June 30, 2017. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Basic Financial Statements.
2. Testing for compliance with the Single Audit Act and applicable laws and regulations and issuance of our reports thereon.
3. Test Measure B funds for compliance with the Agreement for Distribution of Measure B Funds to Local Agencies and issue separate report thereon.
4. Test Measure BB funds for compliance and issue separate report thereon.

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

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

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

## **Audit Objectives**

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. The objective also includes reporting on:

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

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with generally accepted auditing standards in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provision of Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon the completion of our Single Audit. Our reports will be addressed to the Board of the Organization. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions on the financial statements or the Single Audit compliance opinions are other than unmodified, we will discuss the reasons with Organization management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

## **Audit Procedures - General**

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



Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the Organization for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

#### **Audit Procedures - Internal Control**

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

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

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

#### **Audit Procedures - Compliance**

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



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

## **Other Services**

We will also assist in preparing the financial statements, schedule of expenditures of federal awards and related notes in conformity with U.S. generally accepted accounting principles and Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services will not be conducted in accordance with *Government Auditing Standards*.

## **Management Responsibilities**

Management is responsible for establishing and maintaining effective internal controls, including internal controls over compliance and for evaluating and monitoring ongoing activities, to help ensure that appropriate goals and objectives are met; following laws and regulations; ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations and the provisions of contracts and grant agreements.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the Organization will provide us with the Closing Checklist information required for our audit and that the Organization is responsible for the accuracy and completeness of that information.

Management's responsibilities also include identifying significant vendor relationships in which the vendor has responsibility for program compliance and for the accuracy and completeness of that information. Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Organization involving (a) management, (b) employees who have significant roles in internal control, and (c) others where the fraud could have a material effect on the financial statements. Management is also responsible for informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the Organization received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report. Additionally, as required by Uniform Guidance, it is management's responsibility to follow up and take corrective

action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings must be made available for our review.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with Uniform Guidance. Management agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management's responsibilities include acknowledging to us in the written representation letter that: you are responsible for presentation of the schedule of expenditures of federal awards in accordance with Uniform Guidance; that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with Uniform Guidance; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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

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

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

### **Engagement Administration, Fees, and Other**

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

appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

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

We will provide copies of our reports to the Organization; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request in a timely manner to a federal agency providing oversight of direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

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

We expect to begin our audit in April 2017 and to issue our reports no later than December 2017. Vikki Rodriguez is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

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

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

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

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

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

*Maze & Associates*

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Organization.

By: Wine Pannells

Title: Executive Director

Date: 3/8/17





**POWELL & SPAFFORD, INC.**  
CERTIFIED PUBLIC ACCOUNTANTS

Jessie C. Powell, CPA (Ret.)  
Patrick D. Spafford, CPA

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

## SYSTEM REVIEW REPORT

To the Shareholders of  
Maze & Associates Accountancy Corporation  
and the Peer Review Committee of the CalCPA Peer Review Program

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2014. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants. As a part of our peer review, we considered reviews by regulatory entities, if applicable, in determining the nature and extent of our procedures. The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review. The nature, objectives, scope, limitations of, and the procedures performed in a System Review are described in the standards at [www.aicpa.org/prsummary](http://www.aicpa.org/prsummary).

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

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2014, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

August 27, 2014

**MEMORANDUM**

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**TO: Board Members**

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

**SUBJECT: Amend Contract with Power Engineering Construction for Phase Two Work for the Downtown San Francisco Ferry Terminal Expansion Project**

**Recommendation**

Approve the following related actions for the amendment of the Construction Manager at Risk contract with Power Engineering Construction for Phase Two Work for the Downtown San Francisco Ferry Terminal Expansion (DFTX):

1. Approve a contract amendment with Power Engineering Construction for an amount of \$15,450,000 to support Phase Two Work; and
2. Authorize the Executive Director to negotiate and enter into a contract amendment for this work and take any other related actions as may be necessary to support this work.

**Background**

The DFTX project is being developed by WETA to expand and improve facilities at the existing ferry terminal in Downtown San Francisco. The project will include construction of two new ferry gates (Gates F and G) and reconstruction of existing Gate E, landside pedestrian circulation improvements, installation of amenities such as weather-protected areas for queuing, and covering of the current "lagoon" area south of the Ferry Building to enhance WETA's emergency response capabilities and support future system expansion.

On January 12, 2017 the Board of Directors approved award of a Construction Manager at Risk (CMAR) contract for the DFTX to Power Engineering Construction. The CMAR contract was awarded in the amount of \$14,819,500 to support Phase One Work which includes Early Construction Work (demolition, dredging, and pile driving) to be completed by November 30, 2017, as well as Pre-construction Services in support of WETA's efforts to finalize construction documents for the project. The terms of the contract allow WETA to negotiate with Power Engineering Construction to perform the Phase Two Work required to complete construction of the project, subject to approval by the WETA Board.

**Discussion**

Since WETA issued a Notice to Proceed on January 12<sup>th</sup> for the Phase One Early Construction Work, the contractor has provided all required submittals, mobilized, and initiated fabrication and construction work on schedule and within budget. Concurrent with the Early Construction Work, the contractor has initiated the Pre-construction Services required for finalizing construction documents of the Phase Two Work. These tasks include constructability and design reviews, value engineering, development of project staging strategies and construction

schedules, and site surveys and investigations. WETA has since completed Final Design and is working with the contractor to negotiate a cost proposal for the self-performed work and subcontractor pricing for Phase Two Work.

Though WETA has not finalized pricing for the entirety of the Phase Two Work, final pricing has been negotiated for the fabrication and delivery of the new float and gangway superstructures for Gates F & G, as well as the Gate G pedestrian bridge. Negotiations were advanced for these items because the completion of Gates F & G is critical to the overall project schedule. The new gates must be in place prior to removing and reconstructing Gate E in order to avoid disruptions to WETA ferry service. Delayed delivery of the new floats and gangways for Gates F & G and pedestrian bridge could postpone the anticipated removal of Gate E and potentially extend the project completion date into 2020.

Staff recommends that the Board approve a contract amendment to allow the contractor to proceed with the fabrication and delivery of the float and gangway superstructures for Gates F & G and pedestrian bridge, as well as the new gangway superstructure for Gate E. In addition to potential project schedule benefits, the contractor has secured favorable pricing for this work. Of the seven shipyards that were engaged in early outreach efforts by the contractor, four shipyards provided pricing quotes. Consistent with the "open-book" process set forth in the CMAR approach, the contractor has provided its subcontractor pricing quotes directly to WETA for review. Of the four shipyards that provided firm pricing, WETA has determined that the lowest quote received was consistent with its Engineer's Estimate for the work.

The total budget negotiated between WETA and the contractor to fabricate and deliver the float and gangway superstructures and pedestrian bridge is \$14,713,106. The total contract amendment recommended by staff for approval is \$15,450,000, which includes a 5% Owner's Contingency. The approval of this contract amendment will not impact WETA's ability to negotiate final pricing with Power Engineering Construction to perform the remaining Phase Two Work nor will it impact WETA's option to initiate a new procurement process, as stipulated in the CMAR contract if negotiations with the current contractor are unsuccessful. Staff hopes to be in a position to bring forward most, if not all, of the balance of Phase Two Work forward for Board consideration and award in July.

**DBE/SBE Participation:**

WETA's overall annual Disadvantaged Business Enterprise (DBE) goal and Small Business Enterprise (SBE) goal for Federal Fiscal Year 2016/17 is 1.78 percent and 5.04 percent, respectively, for all Federal Transit Administration (FTA) assisted contracts. Due to the nature of this work, no DBE or SBE participation is committed for this portion of the Phase Two Work. For the Phase 1 work Power Engineering Construction committed 1.88% DBE participation and 11.66% SBE participation and is expected to include DBE and SBE participation in the remainder of the Phase Two Work.

**Fiscal Impact**

The Downtown San Francisco Ferry Terminal Expansion project is included in the FY 2016/17 Capital Budget in the amount of \$97,965,000. This project is funded as follows: \$66,197,422 State Proposition 1B (68%), \$21,968,210 Regional Measure 2 (23%), \$8,699,368 Federal (9%), and \$1,100,000 San Francisco Proposition K (1%) funds. Sufficient funds are available in the project budget to support this contract amendment.

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

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

**RESOLUTION NO. 2017-16**

**AMEND CONTRACT WITH POWER ENGINEERING CONSTRUCTION FOR PHASE TWO WORK FOR THE DOWNTOWN SAN FRANCISCO FERRY TERMINAL EXPANSION PROJECT AND AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE THE AGREEMENT**

**WHEREAS**, on January 12, 2017 the WETA Board of Directors awarded a Construction Manager at Risk Agreement with Power Engineering Construction for the Phase One Work for the Downtown San Francisco Ferry Terminal Expansion in the amount of \$14,819,500, including Owner's Contingency; and

**WHEREAS**, this award was made with the understanding that future amendment of the agreement with Power Engineering Construction for the Phase Two Work would be contingent on negotiation and agreement of a Guaranteed Maximum Price for the Phase Two Work, subject to provisions of the Agreement, and subject to future approval by the Board of Directors; and

**WHEREAS**, staff has negotiated a Guaranteed Maximum Price for a portion of the Phase Two Work including fabrication and delivery of the float and gangway superstructures for Gates F & G and Gate G pedestrian bridge, as well as the new gangway superstructure for Gate E; and

**WHEREAS**, it is in WETA's interest to award a contract amendment for this portion of the Phase Two Work now to achieve potential schedule and cost benefits for completion of the Downtown San Francisco Ferry Terminal Expansion Project; and

**WHEREAS**, the approval of this contract amendment would impact neither WETA's ability to negotiate final pricing with Power Engineering Construction to perform the remaining Phase Two Work nor WETA's option to initiate a new procurement process, as stipulated in the CMAR contract if negotiations with the current contractor are unsuccessful; and

**WHEREAS**, staff recommends approval of the contract amendment; and now, therefore, be it

**RESOLVED**, that the Board of Directors hereby approves entering a contract amendment with Power Engineering Construction for Phase Two Work for the Downtown San Francisco Ferry Terminal Expansion Project in the amount of \$15,450,000, including Owner's Contingency; and be it further

**RESOLVED**, that the Board of Directors authorizes the Executive Director to negotiate and execute the agreement and take any other related actions to support this work.

CERTIFICATION

The undersigned, the Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on June 8, 2017.

YEA:

NAY:

ABSTAIN:

ABSENT:

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/s/ Board Secretary

2017-16

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



**MEMORANDUM**

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**TO: Board Members**

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

**SUBJECT: Approve Contract Award to Bay Ship & Yacht Co. for MV *Taurus* Quarter Life Refurbishment Project**

**Recommendation**

Approve contract award to Bay Ship & Yacht Co. for the MV *Taurus* Quarter Life Refurbishment Project in an amount not to exceed \$2,400,000 and authorize the Executive Director to negotiate and execute an agreement and take any other related actions as may be necessary to support this work.

**Background**

Aluminum catamaran ferry vessels have a life expectancy of approximately 25 years. Refurbishment projects during the lifecycle of a vessel generally include a minor refit when the vessel has reached its quarter life (at approximately 6 and 18 years), a major refit at the vessel's midlife (at approximately 12 years), and replacement when the vessel is approximately 25 years old.

The MV *Taurus* was built for WTA, WETA's predecessor agency, by Kvichak Marine Industries in 2009. It currently has over 12,000 operating hours and is ready for a minor refit project to improve vessel reliability and passenger amenities. This minor refit project is required to ensure the vessel operates reliably and safely and is necessary to support operation of this vessel in revenue service for its full 25 year life expectancy.

The general quarter life refurbishment of *Taurus* includes the following components:

- Refurbish shafts, propellers, and rudders and replace bearings;
- Overhaul the selective catalyst reduction system;
- Update passenger cabin layout, replace seating and carpets, renew deck coatings; and
- Overhaul HVAC, control, plumbing, fire and lifesaving safety systems.

In addition to the standard quarter life work described above, this project includes work to increase the passenger capacity from 199 to 225. This project will increase the vessel's utility to the overall fleet and will be coordinated with the vessel's required periodic United States Coast Guard drydocking and inspection.

**Discussion**

**Procurement Process:**

The Request for Proposals (RFP) was released on May 3, 2017. Notice of this RFP was sent to WETA's mailing list, posted on the Agency's website, and advertised in the San Francisco Chronicle and the Passenger Vessel Association member update.

On May 10, 2017 WETA hosted a mandatory Proposers' conference at Pier 9 which was attended by eight individuals representing three shipyards. WETA staff issued three addenda to the original RFP clarifying the specifications set forth in the RFP and responding to pre-bid questions. Proposals were due to WETA on or before May 18, 2017.

**Evaluation Process:**

A Best Value procurement process was utilized for this project consistent with WETA's Administrative Code and Federal Transit Administration (FTA) requirements. A Best Value procurement process considers both price and qualitative components of a proposal that are deemed the most advantageous and of the greatest value to the procuring agency.

The RFP required proposers to submit technical qualifications for review and scoring, as well as a separate price proposal that was reviewed if the proposer met the technical requirements. The technical portion of the evaluation process amounted to 60 percent of the total possible score. Technical scores considered each proposer's technical approach, ability to meet the project schedule, understanding of the project, management plan, experience in similar projects, references, qualifications of its proposed team, and its facilities and equipment.

A total of two proposals were received by the deadline. Submitting shipyards were Bay Ship & Yacht Co. and Marine Group Boat Works LLC. The proposal evaluation committee reviewed the technical portion of the proposals, both of which met the technical requirements and were determined to be within the competitive range. Table 1 below provides the scoring totals for each proposal.

**Table 1**

<b>Scoring</b>	<b>Maximum Points</b>	<b>Bay Ship &amp; Yacht</b>	<b>Marine Group Boat Works</b>
Total Technical Proposal Points	60	45.50	45.83
Price Proposal Points	40	40 (\$2,098,130.00)	38.75 (\$2,165,968.00)
<b>Total Score</b>	<b>100</b>	<b>85.50</b>	<b>84.58</b>

Based on the results of the evaluation process and final scores for each bidder, Bay Ship & Yacht Co. has been determined to be the Best Value proposer for this project. Accordingly, staff recommends awarding a contract to Bay Ship & Yacht Co. and proposes that this award include a 14 percent owner's contingency to allow for additive changes for work not yet identified but that may be necessary to satisfactorily complete the project.

If approved, staff will issue the Notice to Proceed for design and engineering activities as soon as possible with shipyard work to begin in August 2017. Work for the project is expected to be completed by November 2017.

**DBE/SBE Participation:**

The Authority's overall annual Disadvantaged Business Enterprise (DBE) goal and Small Business Enterprise (SBE) goal for Federal Fiscal Year 2016/17 is 1.78 percent and 5.04 percent, respectively, for all FTA assisted contracts. Staff has reviewed the DBE/SBE materials provided by Bay Ship & Yacht and has determined that they have complied with the DBE requirements for this contract. Bay Ship & Yacht Co. has committed 0% DBE participation and 4% SBE participation.

**Fiscal Impact**

The *MV Taurus Quarter-Life Refurbishment Project* is included in the FY 2016/17 Capital Budget, funded with a combination of FTA grant funds, Regional Measure 1, and AB 664 Net Bridge Toll revenues. Sufficient funds are available in the project budget to support the award of this contract.

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

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

**RESOLUTION NO. 2017-17**

**APPROVE THE AWARD OF A CONTRACT WITH BAY SHIP & YACHT CO. FOR SHIPYARD SERVICES FOR THE MV *TAURUS* QUARTER LIFE REFURBISHMENT PROJECT**

**WHEREAS**, the San Francisco Bay Area Water Emergency Transportation Authority (WETA) has established the MV *Taurus* Quarter Life Refurbishment Project as part of its FY 2016/17 Capital Budget and program of projects; and

**WHEREAS**, WETA has established procedures in its Administrative Code relating to the selection and contracting of Construction Services, including projects where Federal Transit Administration (FTA) funds will be used; and,

**WHEREAS**, WETA has FTA and local match funds to support the Project; and

**WHEREAS**, on May 3, 2017, WETA issued a Request for Proposals for Taurus Quarter Life Refurbishment shipyard work for the Project; and

**WHEREAS**, WETA followed the procedures in its Administrative Code, consistent with a FTA project regarding solicitation and evaluation of qualifications; and,

**WHEREAS**, WETA staff has evaluated the proposals submitted for this project based upon a Best Value competitive procurement process and, as a result, recommends the award of a contract for services to Bay Ship & Yacht Co.; now, therefore, be it

**RESOLVED**, that the Board of Directors hereby approves an Agreement with Bay Ship & Yacht Co. to provide shipyard services for the MV *Taurus* in the amount of \$2,400,000 which includes a 14 percent owner's contingency; and be it further

**RESOLVED**, that the Board of Directors authorizes the Executive Director to negotiate and execute an agreement and take any other related actions as may be necessary to support this work.

**CERTIFICATION**

The undersigned, the Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on June 8, 2017.

YEA:

NAY:

ABSTAIN:

ABSENT:

---

/s/ Board Secretary

2017-17

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

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**

**SUBJECT: Approve Contract Award to Hanson Bridgett LLP for the Provision of Legal Services as General Counsel**

**Recommendation**

Approve award of a contract to Hanson Bridgett LLP for the provision of legal services as General Counsel for an initial term through June 30, 2022, with the option to extend the contract an additional five years, and authorize the Executive Director to negotiate and execute a contract.

**Background**

WETA has utilized the firm of Nossaman LLP to serve as its General Counsel and to provide legal support for the agency since 2004. In keeping with Board direction to competitively bid professional service contracts that have been in place for ten years or more, the WETA Board authorized staff to advertise this work for competitive bid at the April 2017 meeting.

Legal services required by WETA include both general services to support WETA's ongoing operations – general legal advice for WETA staff and the Board of Directors on agency operational issues such as Board meeting proceedings, legislation, governance, procurement, contracts, employment, and policy development – and more specialized project-based work to address specific issues as they arise. Specialized project-based work varies year-to-year depending upon the agency's work program, but often includes such items as developing leases and other property transactions, providing review and oversight of environmental or other issues related to capital project development, providing legal support and guidance to ensure agency compliance with Federal Transit Administration and other regulatory agency rules and requirements, and providing legal review, analysis and support for other special subjects of interest or concern as they arise. Given the breadth and depth of services needed, it was determined through conversation with the Board that securing General Counsel through contract with an independent law firm was a reasonable approach to meeting the agency's wide variety of known and evolving legal needs.

**Discussion**

A Request for Proposals (RFP) for legal services was released on April 14, 2017 and was posted on WETA's website, sent to firms on our mailing list, advertised in the San Francisco Chronicle and included in the American Public Transportation Association's online classifieds and featured in their weekly email newsletter. Proposals were due on May 15, 2017.

A total of three firms submitted proposals in response to the RFP including Best Best & Krieger LLP, Hanson Bridgett LLP and Nossaman LLP. All three firms submitted the required materials and were deemed to be responsive. An Evaluation Committee, made up of WETA's management staff, reviewed the written technical proposals submitted by

these firms describing their understanding and approach to the scope of work, the firm's qualifications and experience, and the proposed staff. The evaluation criteria for the technical proposal review, as established in the RFP, considered the qualifications and experience of the proposed lead attorney, qualifications and experience of other members of the firm, relevant experience of the firm in representing government organizations, particularly those providing public transit services, and the overall firm capabilities and approach to meeting WETA's needs in providing general representation and specialized services in the areas of contracts, real property, financing, administrative law, labor law, civil rights, legislation, environmental law, and claims and litigation.

Interviews were held with all three proposers on May 25 in order to allow proposers to further introduce their team members and provide additional information to the Evaluation Committee regarding their qualifications and experience. Based on the review of the technical proposals submitted and interviews, the Evaluation Committee recommends award of a contract for legal services to the firm of Hanson Bridgett LLP.

Hanson Bridgett LLP is a well-established, local law firm that has made representation of public transit agencies as General Counsel a core part of its practice for nearly 50 years. The firm was founded in 1958 and has more than 160 attorneys. They currently represent several Bay Area public transit clients and services including, but not limited to, the Golden Gate Bridge, Highway and Transportation District, Central Contra Costa Transit Authority, San Mateo County Transit District and Peninsula Corridor Joint Powers Board (Caltrain). Through this client base, they have developed a deep understanding of the host of federal regulatory requirements for public transit operations including Buy America, accessible service under the Americans with Disabilities Act, Disadvantaged Business Enterprise Programs, Title VI including Limited English Proficiency and Environmental Justice, drug and alcohol testing and procurement best practices. In addition, through their work with Golden Gate Ferry, they have developed an intimate understanding of the more specialized issues that arise for ferry operations in the San Francisco Bay Area.

As proposed, Madeline Chun would serve as General Counsel and Steven Miller would serve as Deputy General Counsel to WETA. They both have extensive experience providing General Counsel and public transit (including ferry) legal services. Their services and capabilities will be augmented by a deep bench of in-house subject matter experts who can support WETA in a wide range of specialized areas as needed.

**Attachment A** to this report provides an organizational chart of the Hanson Bridgett LLP attorneys and special practice areas available to support WETA in the areas outlined in the Request for Proposals (RFP).

As indicated in the RFP, staff recommends an initial contract term of five years (through June 30, 2022) with an option to extend up to an additional five years. This long-term contract is proposed given the sensitive nature of this work and the importance of establishing a strong and collaborative relationship between WETA staff, the Board of Directors and the legal team. Services would be billed on an hourly basis for services requested and required at rates established through the RFP process. We will have the option to move to a more customized fixed price for core services if desired, once our customary legal needs are established.

Staff proposes to initiate the contract a month in advance, in June, in order to facilitate an orderly transition of legal services and documents from Nossaman and allow Hanson Bridgett LLP time to receive any pertinent records or project information before transitioning into the General Counsel role on July 1, 2017. Staff will also work with

Nossaman to extend the term of their current contract within its existing budget in the event that additional time is needed to transition pertinent information to Hanson Bridgett LLP beyond June 30, 2017.

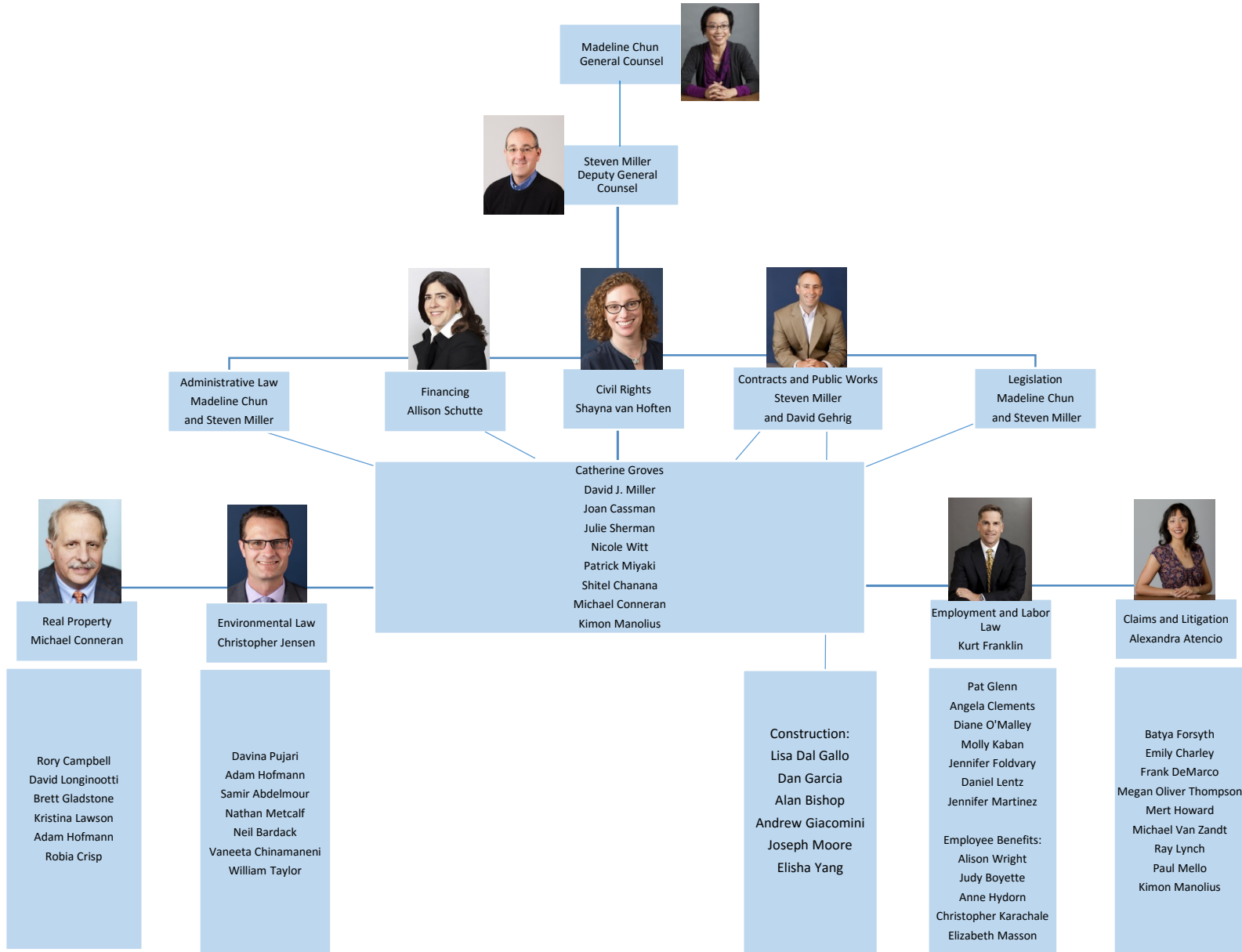
**Fiscal Impact**

The FY 2017/18 budget includes approximately \$600,000 for the provision of legal services to support WETA's operating and capital programs during the year which would be used to support this contract.

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

Attachment A

HANSON BRIDGETT LEGAL TEAM  
FOR  
WATER EMERGENCY TRANSPORTATION AUTHORITY





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

**RESOLUTION NO. 2017-18**

**AWARD CONTRACT TO HANSON BRIDGETT LLP FOR THE PROVISION OF LEGAL SERVICES AS GENERAL COUNSEL AND AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE THE AGREEMENT**

**WHEREAS**, San Francisco Bay Area Water Emergency Transportation Authority (WETA) seeks to enter into a professional services agreement for General Counsel legal services; and

**WHEREAS**, the WETA Board of Directors authorized the release of a Request for Proposals for General Counsel legal services at its April 6, 2017 meeting; and

**WHEREAS**, WETA has established procedures in its Administrative Code relating to the selection and contracting of consulting services, solicitation, and evaluation of qualifications; and

**WHEREAS**, WETA staff has utilized these procedures in requesting and evaluating proposals for General Counsel legal services and, as a result, recommends the award of a contract to provide General Counsel legal services to the firm of Hanson Bridgett LLP; now, therefore, be it

**RESOLVED**, that the Board of Directors hereby awards a contract to Hanson Bridgett LLP and authorizes the Executive Director to negotiate and execute an agreement for these services for an initial period of five years through June 30, 2022 with an option to extend this contract for up to five additional years.

CERTIFICATION

The undersigned, the Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on June 8, 2017.

YEA:

NAY:

ABSTENTION:

ABSENT:

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/s/ Board Secretary

2017-18

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

MEMORANDUM

**TO: Board Members**

**FROM: Nina Rannells, Executive Director  
Lauren Gularte, Program Manager/Analyst**

**SUBJECT: Approve Contract Award to Lindsay Hart LLP/FBB Federal Relations  
for the Provision of Federal Lobbying Services**

**Recommendation**

Approve contract award for federal lobbying services to Lindsay Hart LLP/FBB Federal Relations, in an amount of \$360,000 for FY 2017/18 through FY 2019/20 and authorize the Executive Director to execute the contract.

**Background**

WETA has utilized the firm of Lindsay Hart, LLP to provide federal lobbying services since 2001. Since then this agreement has been renewed annually to coincide with each new fiscal year. The FY 2016/17 Agreement, which concludes June 30, 2017 is for a fixed annual fee of \$125,000. In keeping with Board direction to competitively bid professional service contracts that have been in place for ten years or more, the WETA Board authorized staff to advertise this work for competitive bid at the April 2017 meeting.

**Discussion**

A Request for Proposals (RFP) for federal lobbying services to support WETA's program of projects and services was released on April 10 and posted on the Agency's website, sent to over 1,000 firms on WETA's distribution list and included in the American Public Transportation Association's online classifieds and featured in their weekly email newsletter. Proposals were due on May 12, 2017.

A total of six firms submitted qualifications in response to the RFP including Brownstein Hyatt Farber Schreck, Cohen & Grigsby P.C., Dentons, FBB Federal Relations (Lindsay Hart, LLP), Smith Dawson & Andrews, and Van Scoyoc Associates Inc. An evaluation panel consisting of three WETA staff members evaluated the proposals using the following criteria and weighting:

- 1) Proposer qualifications & experience and proposed staffing - 50%
- 2) Project understanding and scope of services – 30%
- 3) Cost proposal – 20%

The results of the evaluation are summarized in Table 1 below:

	Cohen & Grigsby	FBB Federal Relations	Van Scoyoc Associates	Dentons	Smith Dawson & Andrews	Brownstein Hyatt Farber Schreck
Qualifications, experience and proposed staff	19.0	49.3	45.3	36.0	36.3	33.7
Project understanding & Scope of services	11.7	29.7	21.7	21.3	14.7	15.7
Cost proposal	20.0	15.0	19.2	8.8	10.5	10.0
<b>Total</b>	<b>50.7</b>	<b>94.0</b>	<b>86.2</b>	<b>66.2</b>	<b>61.5</b>	<b>59.3</b>

The two firms that scored the highest demonstrated extensive experience representing public transportation clients, and direct experience and knowledge regarding the current surface transportation act and transportation funding programs that support passenger ferry services. These two firms were invited to participate in an interview with the evaluation panel on May 31.

Based upon the submittal evaluation and interviews, staff recommends awarding Lindsay Hart LLP/FBB Federal Relations the federal lobbying services contract for FY 2017/18 through FY 2019/20 with options to renew for a maximum of ten years.

Lindsay Hart LLP/FBB Federal Relations has been successful in advocating for WETA at the federal level. Their work has resulted in over \$43 million in federal funds for WETA secured through creative partnerships and alliances, including the development of the Public Ferry Coalition which has helped to change the formula allocating federal funds to public ferry operators. Staff believes that Lindsay Hart LLP/FBB Federal Relations is uniquely positioned to continue to provide successful federal lobbying services for WETA.

**Fiscal Impact**

The award of these services would commit WETA to contract expenses in an amount up to \$120,000 in FY 2017/18. Sufficient funds are included in the approved FY 2017/18 budget. Funds for the remaining years of the three year term will be included in future budgets.

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

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

**RESOLUTION NO. 2017-19**

**AWARD CONTRACT FOR FEDERAL LOBBYING SERVICES TO LINDSAY HART LLP/FBB  
FEDERAL RELATIONS AND AUTHORIZE THE EXECUTIVE DIRECTOR TO EXECUTE THE  
AGREEMENT**

**WHEREAS**, San Francisco Bay Area Water Emergency Transportation Authority (WETA) seeks to enter into a professional services agreement for federal lobbying services; and

**WHEREAS**, the WETA Board of Directors authorized the release of a Request for Proposals for federal lobbying services at its April 6, 2017 meeting; and

**WHEREAS**, WETA has established procedures in its Administrative Code relating to the selection and contracting of consulting services, solicitation, and evaluation of qualifications; and

**WHEREAS**, WETA staff has recommended the award of a contract to Lindsay Hart LLP/FBB Federal Relations to provide federal lobbying services for FY 2017/18 through FY 2019/20 with options to renew for a maximum of ten years; now, therefore, be it

**RESOLVED**, that the Board of Directors of the Authority hereby awards the contract to Lindsay Hart LLP/FBB Federal Relations and authorizes the Executive Director to execute an agreement for federal lobbying services for a total not to exceed cost of \$360,000.

CERTIFICATION

The undersigned, the Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on June 8, 2017.

YEA:

NAY:

ABSTENTION:

ABSENT:

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/s/ Board Secretary

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

2017-19

MEMORANDUM

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**TO:** Board Members

**FROM:** Nina Rannells, Executive Director  
Kevin Connolly, Manager, Planning & Development

**SUBJECT:** Approve Proposed Regional Measure 3 Principles and Ferry Investment Program

**Recommendation**

Adopt the proposed Regional Measure 3 Principles and Ferry Investment Program as the basis for enhancing ferry service through a future bridge toll funding measure.

**Background**

Preparations are underway by the California State Legislature and the Metropolitan Transportation Commission (MTC) to bring a new bridge toll funding measure - Regional Measure 3 (RM3) - to Bay Area ballots in 2018. In anticipation of the new measure, regional agencies such as MTC and Congestion Management Agencies (CMAs) have begun discussions over priorities for programs and projects.

MTC held a workshop for its Commission in December 2016 and an initial meeting with stakeholders serving the Bay Bridge corridor in February 2017. There are likely to be many more discussions over the coming months aimed at developing the best mix of projects and programs to address congestion on the state-owned bridges. The Alameda County Transportation Commission adopted a list of priority projects that included the Berkeley and Seaplane Lagoon terminals along with additional vessels to support WETA service enhancement. The San Francisco County Transportation Authority adopted a list of RM3 projects that included both the Mission Bay and Treasure Island ferry terminals. Contra Costa, Solano and San Mateo counties will likely be developing priorities and conducting discussions with staff and elected officials over the coming year.

WETA adopted its Strategic Plan in October 2016. The Strategic Plan presents a vision for expanded and enhanced ferry service throughout San Francisco Bay. To date, staff has used the full program of projects contained in the Strategic Plan and *Appendix A – Cost Estimate for WETA Expansion and Enhancement Plan* as the basis for RM3 discussions. This program includes a set of projects that supports enhanced services on existing routes, establishing new routes and services and continuing to develop emerging projects. This program requires \$49 million in new annual operating funds and \$725 million in capital funds, including \$575 million to support new assets and \$150 million to provide local match for rehabilitation and replacement of existing system assets (all in \$2017). This plan also presents the case for greater support and flexibility from RM2 funds to support the continued operation of existing services.

**Discussion**

The State Legislature and MTC are currently meeting with stakeholders and will be developing project lists over the summer months with the goal of bringing a RM3 bill to the floor by September 1, 2017. The proposed principles and investment program contained in

this item are intended to serve as an input to these discussions as WETA is asked to prioritize its Strategic Plan projects for inclusion in RM3.

The proposed Regional Measure 3 Investment Principles support development of a program of projects that can be delivered within the next 10 years and would offer near-term congestion relief to the Bay Area's congested bridge corridors. The Regional Measure 3 Investment Program calls for a \$600 million capital investment in the ferry network of the future. An annual operating subsidy of \$41 million would be required at full buildout of the proposed system. For simplicity, this investment is expressed in 2017 dollars. There would need to be an exercise conducted to escalate the dollars for their actual investment year.

At full buildout, the WETA system will offer 15-minute or 30-minute peak service frequencies and 29 vessels serving 14 terminals throughout San Francisco Bay. This level of investment would increase peak period ferry capacity by close to 80 percent, providing the equivalent of 19 BART trains or 474 transbay buses during the AM peak period. Ferry ridership would likely increase to more than 20,000 daily travelers, up from 9,000 today. The Investment Program also can be delivered relatively early, with the first phase of enhancements opening within two years of funding.

### ***Draft Regional Measure 3 Investment Principles***

The following draft Principles were developed by staff using the WETA Strategic Plan and subsequent Board discussions as a guide. The Principles are intended to communicate to legislators and other stakeholders the policy basis for the accompanying Ferry Investment Program.

#### **1. Enhance Existing Ferry Services**

With current peak occupancies on WETA services ranging from 80% to above 95%, there is a clear need to increase service for today's commuters. Over the past four years, WETA ridership has increased 74% and while other transit properties are seeing a leveling off or decline in ridership, ferry ridership continues to increase. However, the service has reached practical capacity limits in places such as Vallejo and Harbor Bay. The draft principle emphasizing the existing system means that investment will be targeted to the core WETA services first.

#### **2. Add Key Expansion Terminals**

The Strategic Plan identifies possible expansion throughout San Francisco Bay with the long-term goal of serving the entire Bay with water transit. However, in the near term, specific expansion sites will help to enhance opportunities for today's commuters and build a foundation for future ferry service. Seaplane Lagoon, Mission Bay, Berkeley and Redwood City are the four terminals that are ready for implementation and will expand ferry service to new markets. Treasure Island is also an important new terminal and service that WETA supports working in conjunction with the San Francisco County Transportation Authority (lead agency).

#### **3. Create Fiscal Stability**

Regional Measure 2 provides the backbone funding for WETA and has enabled the dramatic growth of ferry service since 2008. However, the fact that operating funds do not escalate over time and there is no stable source for capital rehabilitation creates a structural flaw in the agency's long term financial health that threatens to erode service over time. Regional Measure 3 represents an opportunity to correct this flaw and provide the needed stability for ferry service to grow.

#### **4. Pursue Implementation-Ready Projects**

WETA is completing an investment program largely funded by Proposition 1B that enables the agency to continue meeting demand while positioning WETA to expand

and enhance ferry service throughout San Francisco Bay. Given the timelines for developing transportation solutions for other modes, ferries can offer the Bay Area the opportunity for transit enhancement in a relatively expedient period. As a result, new vessels, targeted terminal expansion or enhancement and additional operating funds can increase transit capacity in impacted corridors within 3-5 years. Longer-term projects such as those in the Carquinez Strait are potential opportunities that will require advances in technology to be financially and environmentally viable.

**5. Support Partner Water Transportation Initiatives**

Partner agencies throughout the Bay Area are considering water transportation as a possible solution to local and regional congestion. In some of these cases, there is a desire for a low-cost, less capital intensive service such as those offered by private water taxi operators. This is the case in the Carquinez Strait where the Contra Costa Transportation Authority has indicated private service is the best near-term solution. Also, development at Treasure Island relies upon a comprehensive package of transportation improvements with ferry service being a central component. In these cases, WETA supports the efforts of our partner agencies if there is an interest in RM3 funds.

**Regional Measure 3 Ferry Investment Program**

The following summary table presents the areas of capital and operating investment required to achieve enhancement and expansion of WETA’s ferry service through RM3. Total capital investment is \$600 million while annual operating subsidy would be \$41 million. All estimates are expressed in 2017 dollars.

Description	Investment
<p><b>Annual Operating Subsidy</b> Operating subsidy assuming 50% farebox recovery at full buildout. Assumes 15- and 30-minute frequencies on all services with new terminals in Berkeley, Redwood City, Seaplane Lagoon and Mission Bay.</p>	<p>\$30 m</p>
<p><b>Vessels</b> Assumes 17 new vessels, required to enhance existing service and expansion. Assumes a 50% spare ratio.</p>	<p>\$275 m</p>
<p><b>Terminals</b> Assumes enhancements to existing terminals in Alameda, Oakland and downtown San Francisco along with new facilities in Alameda, Berkeley, Mission Bay and Redwood City.</p>	<p>\$175 m</p>
<p><b>Regional Measure 2 Escalation</b> Amount needed by 2035 to maintain value of Regional Measure 2 operating funds.</p>	<p>\$11 m</p>
<p><b>Capital Rehabilitation</b> Amount needed to provide local matching funds for federal and state rehabilitation funding programs over 20 years.</p>	<p>\$150 m</p>

*(All values expressed in 2017 dollars)*

Projects that will require technological advances (either in vessels or dredging methods) to be viable – specifically those in the Carquinez Strait and the South Bay – are not included for construction in the Investment Program. However, planning should continue for these projects and WETA has a role to play as cities and Congestion Management Agencies consider water transportation in these jurisdictions. Currently, Contra Costa County is exploring providing ferry service in the near term through private operators, using smaller more compatible vessels. These services can potentially serve as a pilot program for a future investment in public ferry service as vessel technology advances.

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

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