

Members of the Board

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

BOARD OF DIRECTORS' MEETING
Thursday, May 5, 2016 at 1:00 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.

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 – April 7, 2016
 - b. Approve Amendment to Agreement with the Association of Bay Area Governments for the Provision of Accounting Support Services
 - c. Overview of FY 2015/16 Financial Audit Scope and Process
7. APPROVE FISCAL YEAR 2016/17 OPERATING AND CAPITAL BUDGET *Action*
8. APPROVE CONTRACT AWARD FOR INSURANCE AND BROKERAGE SERVICES TO ALLIANT INSURANCE SERVICES *Action*
9. APPROVE AMENDMENT TO AGREEMENT WITH LINDSAY HART, LLP FOR FEDERAL LEGISLATIVE REPRESENTATION *Action*
10. APPROVE AMENDMENT TO AGREEMENT WITH BLUE AND GOLD FLEET, L.P., FOR OPERATION AND MAINTENANCE OF FERRY SERVICES *Action*
11. APPROVE AMENDMENT TO AGREEMENT WITH NOSSAMAN LLP FOR THE PROVISION OF LEGAL SERVICES *Action*
12. VESSEL NAMING DISCUSSION *Information/Action*
13. CLOSED SESSION *Action*

There are no planned agenda items for a Closed Session for the current meeting. *To Be Determined*

Water Emergency Transportation Authority May 5, 2016 Meeting of the Board of Directors

In the event of any urgent matter requiring immediate action which has come to the attention of the WETA after the agenda has been issued and which is an item appropriately addressed in Closed Session, the WETA may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5).

If the WETA enters into Closed Session under such circumstances, the WETA will determine whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1).

14. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

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 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.

M E M O R A N D U M

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: May 5, 2016

RE: Executive Director's Report

CAPITAL PROJECT IMPLEMENTATION UPDATE

Vessel Replacement – The *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 the contract award to Aurora Marine Design (AMD) for vessel construction management services. The Request for Proposal to construct two new passenger-only vessels was released on September 26, 2014. The Board approved a contract with Kvichak Marine Industries in April 2015 for the construction of two new replacement vessels.

Vessel construction began in early September 2015. Hull one port and starboard modules have been welded out. The tank and bow modules have been flipped and joined to the stern and engine room modules. Workmanship is generally excellent and Kvichak Marine Industries' quality control is performing well to maintain that standard. Machinery, tanks piping and electrical are now being installed on hull one. The superstructure tier one and two is being welded out at Nichols and looks good. Fabrication of superstructure sub-assemblies continues at Armstrong Marine with final assembly taking place at Nichols. The Tier 2 deck is now underway. Final acceptance dates are scheduled for December 2016 for the first vessel and April 2017 for the second vessel.

***Intintoli* Major Component and Waterjet Rehabilitation Project**

This refit is planned for Winter/Spring 2016. During the replacement of the major propulsion train subcomponents work, other minor upgrades to the passenger cabins and minor vessel system upgrades will be accomplished. The Board of Directors approved the contract award to Marine Group Boat Works in November 2015. The vessel was successfully delivered to the Marine Group yard in San Diego on January 27. Pre-work noise and vibration testing was completed. The vessel was drydocked without issue and the hull bottom looks to be in great shape. Major work is complete, final alignment checks are scheduled for May 6, with sea trials starting on May 9.

***Gemini* Quarter-life and Passenger Capacity Increase Project**

This project is planned for February/May 2016. This project provides for a general refurbishment of the vessel and will include the following components: Refurbish shafts, propellers, rudders and replace bearings, replace and re-upholster 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. The Board of Directors approved the contract award to Marine Group Boat Works in February 2016. Work currently underway includes installation of insulation, main engines and a new drivetrain, as well as preparation of the passenger cabin for new seating.

North Bay Operations and Maintenance Facility – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in two phases. The landside phase includes site preparation and construction of a new fuel storage and delivery system along with warehouse and maintenance space. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities.

The Board of Directors awarded a design-build contract for the landside phase to West Bay Builders, now Thompson Builders, in August 2013. Landside construction is substantially complete. Remaining tasks for the landside construction phase include commissioning and testing of systems that run between the landside and waterside portions of the project.

The Board of Directors awarded a design-build contract for the waterside construction phase to Dutra Construction in July 2014. Construction of the waterside phase is underway. Pile driving activities were completed on September 2, 2015. A total of 23 piles were driven over a 4 week period. The existing service float was modified and rehabilitated at Bay Ship & Yacht and was delivered to the site in February. All of the concrete floats were delivered to the site and secured to the piles in December. The construction contractor has completed installation of the superstructure and is working to complete installation of utility systems.

Regional Passenger Float Construction – This project will construct a new regional spare float that can be utilized as a backup for the Vallejo terminal float as well as other terminal sites such as downtown San Francisco when the permanent terminal floats must undergo periodic dry dock, inspection, and repair. This spare will support ongoing daily services and will be a valuable asset to have available for use in unplanned or emergency conditions. Ghirardelli Associates Inc. was selected as the project construction manager. Procurement of the passenger float construction contract was combined with the North Bay Operations and Maintenance Facility Project construction contract. The Request for Proposals for the project was released on February 28 and the construction contract was awarded to Dutra Construction on July 10, 2014. Final design was completed in December 2014. Float fabrication was completed in Portland, Oregon. The float arrived at Dutra's Alameda yard in early October. Float ramping and utility systems are being installed. The float is complete and was towed to the existing Mare Island facility for storage.

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

Last month, the Board of Directors awarded a contract to Overaa/Power, a Joint Venture, to construct the project. Construction is scheduled for completion by Spring 2018. Staff is advancing work to provide a replacement harbor seal haul-out in conjunction with this project. A conceptual design and implementation plan has been developed in coordination with a working group consisting of Alameda community members, City staff, and a marine mammal expert. Staff is worked with state and federal resource agencies with jurisdiction over the work to secure permitting approval. The seal haul-out float is in the final design phase. Construction of the float is anticipated to take approximately 6 weeks. The float will be towed to the site of the existing haul-out so the seals can become familiar with the new haul-out prior to demolition of the existing haul-out.

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 proposed project would also include landside improvements needed to accommodate expected increases in ridership and to support emergency response capabilities.

Staff is in the final stage of developing design documents and technical specifications required to initiate the construction procurement process for the project. Additionally, permit applications have been submitted to the San Francisco Bay Regional Water Quality Control Board, Bay Conservation and Development Commission, U.S. Army Corps of Engineers, and National Oceanic Atmospheric Administration to authorize construction of the project.

SERVICE DEVELOPMENT UPDATE

Richmond Ferry Service – This service will provide an alternative transportation link between Richmond and downtown San Francisco. The conceptual design includes plans for replacement of an existing facility (float and gangway) and a phased parking plan. The WETA Board adopted a Funding Agreement and Memorandum of Understanding with the Contra Costa Transportation Authority at its March 2015 meeting that funds the operation for a minimum period of 10 years.

The NEPA environmental review process was completed in October. The project was presented to the BCDC Design Review Board (DRB) in September. The BCDC DRB recommended advancing the project to the full BCDC commission. A Planning Application for the project was submitted to the City in October. Staff is coordinating with City of Richmond staff for review by the City's DRB. The project was presented to the City DRB March 23, 2016. The project received a support from the DRB and was recommended to the Planning Commission for approval. Staff is coordinating with City for approval of a conditional use permit from the Planning Commission. The project will be presented to the Planning Commission in April or May. A draft lease was prepared by WETA and submitted to the City for review. Staff is coordinating with City staff to review the draft lease.

On December 10, the Board authorized release of a RFP for construction management services. Construction management services will assist staff by providing oversight and support during the pre-construction project development, project construction, and project closeout phases. The construction management RFP is anticipated for release in May 2016. The RFP for construction of the terminal facility is anticipated for release by the end of 2016. Terminal construction will begin in 2017 with pile driving and dredging activities taking place in the 2017 in-water work window.

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 development agreement states that ferry operations would commence with the completion of the 50th residential unit.

WETA staff is working with City of San Francisco staff to support development of this project, including participating in regular meetings of the City's Technical Advisory Committee convened to update and further develop the Treasure Island Mobility Management Program, which will include new ferry service provided in conjunction with the development project. Staff has begun negotiation of a Memorandum of Understanding (MOU) 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 an MOU for the Treasure Island service would be subject to consideration by the WETA Board.

Berkeley Environmental Studies – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. Staff has coordinated with 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 is assessing possible approaches to moving this project forward in 2016.

South San Francisco Service – The South San Francisco ferry service is currently in its fourth year of operation, with 483 average weekday boardings and 28 percent farebox recovery. Based on current Regional Measure 2 (RM2) performance criteria, ferry services must reach a level of 40% farebox recovery in the third year of operation. Services that do not meet that standard are asked to develop a Corrective Action Plan, identifying measures to achieve the desired performance level. The WETA Board adopted a South San Francisco Corrective Action Plan in September 2015 that identified ridership enhancement strategies along with cost reduction actions. In addition, the Corrective Action Plan proposed modifying RM2 performance requirements to be more reflective of actual experience concerning the ramp up period necessary to achieve a 40% farebox recovery rate and the need to view the ferry system as a comprehensive whole and not a collection of independent routes. At the request of Metropolitan Transportation Commission (MTC) staff, WETA recently sent a letter requesting these two modifications be made to the RM2 ferry program. Supporters of the South San Francisco service are also being asked to send letters supporting this proposed RM2 program modification to MTC in advance of the May 2016 Commission meeting. Staff will continue to work with MTC in support of receiving a change or variance in their policy for administering RM2 operating funds for this service.

2016 Transbay Ferry Service Enhancement Proposal – Staff submitted a proposal to enhance ferry service in the Transbay/Bay Bridge corridor for the summer and fall of 2016 to the Metropolitan Transportation Commission (MTC). The proposal was submitted at the request of MTC, which asked all Transbay service providers – BART, AC Transit, and WETA – to consider what can be done to address unprecedented demand in the corridor. WETA's proposal is a three phase plan that includes planned service enhancements taking effect in May, additional crews and vessels which could be deployed by October, feeder bus service at the Main Street terminal and capital funding to extend the life of two vessels and add a float to the Oakland terminal. In all, the proposal seeks \$6.1 million in operational funding and \$8.8 in capital investment. A meeting to discuss possible service enhancements has been scheduled by MTC for late May 2016.

SYSTEM STUDIES

WETA Strategic Plan – The Draft WETA Strategic Plan, released in January 2016, is the result of a planning process that began in March 2015 with an introductory Board workshop that provided agency and service background information and identified strategic areas for discussion. A second workshop in May 2015 reviewed and validated the Board-adopted mission and vision statements and provided an opportunity to consider new WETA policies related to service performance and expansion. Taking input from the Board, WETA staff spent the summer reaching out to stakeholders, sharing draft strategic plan policies and gaining valuable input for the eventual draft plan.

The WETA Board of Directors released the draft 20-year Strategic Plan, which is posted on the WETA website, for public review and comment at its January 2016 meeting. At the March 2016 Board meeting, Chair Breckinridge created a working group consisting of staff, Vice Chair

Wunderman and Board Member Donovan to review the draft plan within the context of WETA's mission and vision and to develop a strategy for revision, review and eventual adoption by the Board of Directors. The Working Group met in late March and discussed ways to expand, re-position and re-format the plan to better communicate the vision and opportunities for expanded ferry service and discussed mechanisms for seeking additional input. Staff is preparing for a follow-up meeting of this group in May.

Alameda Terminals Access Study – Both ferry terminals in Alameda have experienced a surge in ridership beginning with the first BART strike in July 2013. As a result, parking at both terminals typically spills on to adjacent streets and informal parking lots. WETA initiated work on an Alameda Terminals Access Study in 2014 as a means to identify immediate, medium and long-term solutions to improve customer access to these terminals. As an outgrowth of this work, the City of Alameda Transportation Commission formed an Ad Hoc Subcommittee, made up of Transportation Commission members and City of Alameda, WETA and AC Transit and local community organization staff to investigate potential City improvements for ferry terminal access during the spring of 2015.

Initial work identified through the study outreach and taken up by the Ad Hoc Subcommittee focused on parking improvements to the Harbor Bay terminal area and restoring AC Transit feeder bus service to the Main Street terminal. The Ad Hoc Subcommittee and City adopted an overflow parking plan for the Harbor Bay Terminal in April 2015 that is in the process of being implemented by City staff.

City staff has recently been coordinating 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 arterials and residential streets. In addition, the Homeowner's Association requests that WETA consider a parking fee at the lot and that potential revenues from parking fees help to 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. WETA staff will continue to work with its partners at the City and the Harbor Bay Homeowner's Association.

In addition, WETA staff has worked with City staff since spring 2015 to open the Officer's Club parking lot as an overflow lot for the Main Street terminal. Construction of needed improvements, to be led by City staff and funded by WETA, began in April 2016. Aside from parking, installation of 12 bicycle lockers at the Main Street terminal -- funded through a grant from the Bay Area Air Quality Management District -- occurred on February 22. Staff will shift its focus to additional improvements that can be made related to alternative modes such as buses, shuttles, bicycles, and pedestrian improvements after the parking improvements are underway. Staff anticipates bringing forward the Access Plan and a discussion of the many ongoing work efforts in support of this plan in Spring/Summer 2016.

Alameda Seaplane Lagoon Study – In April 2016, the Alameda City Council and WETA Board of Directors each adopted a Memorandum of Understanding (MOU) setting forth 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 Terminal – The NBA Champion Golden State Warriors basketball team has identified a preferred arena site at the foot of 16th Street in the Mission Bay neighborhood of San Francisco. A Mission Bay ferry terminal has been identified in both WETA and City of San Francisco planning documents as a potential future infrastructure investment but no significant planning or development work has been conducted to date and no funding exists to develop this as a terminal site. The Warriors and the City released an Environmental Impact Report for the proposed arena in early June, 2015, that does not consider a new ferry terminal or ferry service as a part of its project. The Port of San Francisco released an engineering feasibility and site selection study for a future Mission Bay ferry terminal in March 2016. WETA staff participated in the study and provided input regarding ferry operations and potential service models. Port staff are currently preparing to release a Request for Proposals for environmental clearance and preliminary design of a Mission Bay ferry terminal and have included this work in the Port of San Francisco's proposed FY 2016/17 Capital Budget. Mission Bay ferry service was included in WETA's draft Strategic Plan, released in January 2016.

Redwood City Ferry Service Investigation – A Redwood City Ferry Terminal site feasibility report was completed in draft in July 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. This report was developed as a part of a collaborative effort with the Port of Redwood City and Redwood City staff. An update of WETA's system ridership model and projection was also completed during this same time period, working closely with City and Port staff. At the time that this work was completed the cost associated with the identified site, coupled with low ridership projections, presented challenges related to the financial viability of the project from both a capital construction and operational cost perspective. Redwood City service was included as a potential future ferry service in WETA's draft Strategic Plan, released in January 2016. In response to changing travel conditions, and renewed local interest in Redwood City services, staff has reached out to Redwood City, Port of Redwood City, San Mateo County Transportation District, and San Mateo County Economic Development Association to re-start the dialog regarding future Redwood City service and to determine how we can work together with San Mateo officials and private industry to move this effort forward.

Contra Cost County Site Feasibility Studies – Site feasibility reports have been prepared in cooperation with the cities of Hercules, Martinez and Antioch in an effort to identify site constraints and design requirements and better understand project feasibility and costs associated with development of terminals and services to these cities. The Contra Costa County Transportation Authority, as the county transportation planning and funding authority, has utilized this information to develop a Financial Feasibility of Contra Costa Ferry Service Report (completed June 2014) to assess the feasibility of implementing ferry services in the county. The report concludes that of the candidate ferry terminals in Contra Costa County, only the Richmond project is financially feasible at this time. WETA is moving forward to construct a new terminal and service in Richmond, and Hercules and Carquinez Strait services were included as potential future ferry services in WETA's draft Strategic Plan, released in January 2016.

OTHER

CPUC Applications for New Ferry Operations – Two private ferry operators, PropSF and Tideline Marine Group, have recently applied to the Public Utilities Commission of the State of California (CPUC) for the authority to operate as scheduled vessel common carriers with flexible rates between points in various cities in the San Francisco Bay Area. WETA has commented on these applications and will continue to monitor the development of these new ferry services as they move through the CPUC and implementation process.

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:

Transportation Response Planning (TRP) Quarterly Steering Committee Meeting:

On March 3, Kevin Donnelly attended the quarterly TRP meeting to discuss and determine the key planning elements of the upcoming MTC 2016 Regional tabletop Exercise to be held in the fall.

VEOCI: Staff is currently working to implement, VEOCI, a web-based, virtual EOC information and resource management system that will allow staff to access an online workspace for emergency management activities in the EOC and if they are unable to report to WETA's EOC or if they are in the field. VEOCI is anticipated to be used for:

- Staff notification
- Internal and External Communications
- Managing tasks and resources
- Document storage
- Compiling information for reports/situational awareness
- Reimbursement documentation

This system will be compatible with the State of California's web based resource management system, CalEOC and is expected to be complete in the fall.

Coast Guard Manning Requirements - In response to a 2015 U.S. Coast Guard (USCG) initiative, staff has been working closely with the USCG Inspections unit (San Francisco Sector) in 2015 to review and verify the current manning levels required on WETA's fleet of vessels. As a result of this work, the WETA vessels current manning levels remain in place; this is noted in the vessel files and on each vessel Certificate of Inspection. Staff is working with the Coast Guard Inspections to close out this matter.

Hazard Mitigation Plan - WETA is preparing a new Hazard Mitigation Plan (HMP) in accordance with the Federal Disaster Mitigation Act of 2000 (DMA 2000). DMA 2000 requires local governments to develop and submit HMPs as a condition of receiving Hazard Mitigation Grant Program and other mitigation project grant funding. This includes pre-disaster mitigation funding and post-disaster mitigation funding for existing WETA facilities. The essential steps of hazard mitigation are to identify and profile hazards that affect the local area surrounding existing facilities, analyze the people and facilities at risk from those hazards, and develop mitigation actions to lessen or reduce the impact of the profiled hazards. WETA staff is working with a consultant to prepare the HMP. The process includes coordination with stakeholder agencies with jurisdictions that might interface with WETA during a disaster response. The process also includes opportunity for public comment. The HMP is anticipated for completion in August 2016 and will be presented to the Board for review and approval.

KEY EXTERNAL OUTREACH/BUSINESS MEETINGS

On April 11, Keith Stahnke attended the MTC Trans Response Plan (TRP) steering Committee meeting.

On April 12, Lauren Gularte and Mike Gougherty participated in the Business Outreach Committee (BOC) meeting to review agency DBE/SBE goals and presented an overview of the Downtown San Francisco Ferry Terminal Expansion project for DBE/SBE firm representatives in attendance.

On April 13, Kevin Connolly attended the Alameda Interagency Liaison Committee, a group made up of City Council members from the City of Alameda, Board Directors from AC Transit and staff.

On April 15, Nina Rannells and Kevin Connolly attended MTC's Core Capacity Transit Study Executive Committee meeting.

On April 20, Kevin Connolly attended a public workshop for the City of Alameda's Transportation Plan.

On April 25, Nina Rannells attended the Clipper Executive Board meeting.

On April 28, Kevin Donnelly attended the USCG Sector San Francisco Port Safety & Security Industry Day

OPERATIONS REPORT

Summer Service Schedules were implemented Monday May 2 and will run through October 30, 2016.

Monthly Operating Statistics - The Monthly Operating Statistics Reports for March 2016 is provided as Attachment A.

Attachment A

Monthly Operating Statistics Report March 2016

		Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide	
Boardings	<i>vs. last month</i>	Total Passengers March 2016	80,619	29,273	11,702	75,498	197,092
		Total Passengers February 2016	87,951	25,786	10,846	73,740	198,323
		Percent change	-8.34%	13.52%	7.89%	2.38%	-0.62%
	<i>vs. same month last year</i>	Total Passengers March 2016	80,619	29,273	11,702	75,498	197,092
		Total Passengers March 2015	71,694	25,300	10,091	69,070	176,155
		Percent change	12.45%	15.70%	15.96%	9.31%	11.89%
	<i>vs. prior FY to date</i>	Total Passengers Current FY To Date	837,749	229,152	92,067	701,451	1,860,419
		Total Passengers Last FY To Date	652,748	192,516	77,167	618,350	1,540,781
		Percent change	28.34%	19.03%	19.31%	13.44%	20.75%
	Avg Weekday Ridership March 2016	3,051	1,273	509	2,970	7,803	
Ops Stats	Passengers Per Hour	210	195	66	154	164	
	Revenue Hours	383	150	178	491	1,202	
	Revenue Miles	5,866	3,305	2,830	13,380	25,381	
Fuel	Fuel Used (gallons)	49,907	20,063	25,071	191,649	286,690	
	Avg Cost per gallon	\$1.55	\$1.55	\$1.55	\$1.74	\$1.70	

* Vallejo ridership includes ferry + Route 200 bus passengers. March bus ridership totaled 7331.

MEMORANDUM

TO: Board Members

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

**SUBJECT: Monthly Review of FY 2015/16 Financial Statements for Nine Months
Ending March 31, 2016**

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2015/16 Financial Statements for nine months ending March 31, 2016.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenue	9,961,081	12,866,495	12,278,434
Local Bridge Toll Revenue	11,289,863	16,961,400	8,261,853
Other Revenue	500	504,225	141,627
Total Operating Revenues	21,251,443	30,332,120	20,681,914
Expenses - Year To Date:			
Planning & Administration	1,506,911	2,660,584	1,710,029
Ferry Services	19,744,532	27,671,536	18,971,885
Total Operatings Expenses	21,251,443	30,332,120	20,681,914
System-Wide Farebox Recovery %	50%	46%	65%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2015/16 Budget
Revenues:		
Federal Funds	7,341,510	23.37%
State Funds	12,265,857	49.74%
Bridge Toll Revenues	6,069,194	47.25%
Other Local Funds	2,286,046	64.16%
Total Capital Revenues	27,962,607	38.58%
Expenses:		
Total Capital Expenses	27,962,607	38.58%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Nine Months Ending 3/31/2016

% of Year Elapsed 88.7%

	Current Month	Year - To - Date			Budget	
		FY2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Actual	FY 2015/16 Total	% of Total
OPERATING EXPENSES						
PLANNING & GENERAL ADMIN:						
Wages and Fringe Benefits ¹	(137)	927,206	1,337,387	865,758	1,508,000	57.4%
Services	96,624	540,571	1,319,650	889,087	1,488,000	59.8%
Materials and Supplies	355	7,285	24,832	8,117	28,000	29.0%
Utilities	3,196	8,639	20,398	16,088	23,000	69.9%
Insurance	-	18,335	20,398	-	23,000	0.0%
Miscellaneous	3,397	53,767	106,423	63,223	120,000	52.7%
Leases and Rentals	25,150	211,148	266,945	220,981	301,000	73.4%
Admin Overhead Expense Transfer ¹	(106,885)	(260,041)	(435,449)	(353,225)	(491,000)	71.9%
Sub-Total Planning & Gen Admin	21,700	1,506,911	2,660,584	1,710,029	3,000,000	57.0%
FERRY OPERATIONS:						
Harbor Bay FerryService						
Purchased Transportation	138,650	1,067,292	1,620,562	1,162,661	1,827,300	63.6%
Fuel - Diesel & Urea	20,063	279,309	408,843	199,759	461,000	43.3%
Other Direct Operating Expenses	33,231	301,477	442,899	289,474	499,400	58.0%
Admin Overhead Expense Transfer ¹	2,985	51,453	72,723	46,672	82,000	56.9%
Sub-Total Harbor Bay	194,929	1,699,531	2,545,026	1,698,566	2,869,700	59.2%
<i>Farebox Recovery</i>	<i>66%</i>	<i>50%</i>	<i>41%</i>	<i>61%</i>	<i>41%</i>	
Alameda/Oakland Ferry Service						
Purchased Transportation	355,333	3,886,363	5,199,091	4,040,877	5,862,350	68.9%
Fuel - Diesel & Urea	49,907	873,899	1,399,511	647,392	1,578,050	41.0%
Other Direct Operating Expenses	177,117	498,205	1,070,442	678,528	1,207,000	56.2%
Admin Overhead Expense Transfer ¹	45,069	100,313	194,223	156,717	219,000	71.6%
Sub-Total Alameda/Oakland	627,426	5,358,781	7,863,267	5,523,515	8,866,400	62.3%
<i>Farebox Recovery</i>	<i>51%</i>	<i>55%</i>	<i>50%</i>	<i>66%</i>	<i>50%</i>	
Vallejo FerryService						
Purchased Transportation	592,493	6,479,353	8,199,538	6,739,276	9,245,570	72.9%
Fuel - Diesel & Urea	191,649	2,903,392	4,479,377	2,044,959	5,050,820	40.5%
Other Direct Operating Expenses	185,340	733,760	1,311,721	829,362	1,479,060	56.1%
Admin Overhead Expense Transfer ¹	84,685	46,930	79,818	124,505	90,000	138.3%
Sub-Total Vallejo	1,054,167	10,163,435	14,070,454	9,738,103	15,865,450	61.4%
<i>Farebox Recovery</i>	<i>70%</i>	<i>56%</i>	<i>51%</i>	<i>71%</i>	<i>51%</i>	
South San Francisco FerryService						
Purchased Transportation	132,476	1,764,400	2,055,656	1,500,743	2,317,900	64.7%
Fuel - Diesel & Urea	25,071	388,074	560,940	253,708	632,500	40.1%
Other Direct Operating Expenses	2,889	308,966	487,508	231,918	549,700	42.2%
Admin Overhead Expense Transfer ¹	(25,854)	61,345	88,686	25,332	100,000	25.3%
Sub-Total South San Francisco	134,582	2,522,785	3,192,789	2,011,701	3,600,100	55.9%
<i>Farebox Recovery</i>	<i>59%</i>	<i>20%</i>	<i>20%</i>	<i>31%</i>	<i>20%</i>	
Total Operating Expenses	2,032,804	21,251,443	30,332,120	20,681,914	34,201,650	60.5%
OPERATING REVENUES						
Fare Revenue	1,273,236	9,961,081	12,866,495	12,278,434	14,507,900	84.6%
Local - Bridge Toll	759,568	11,289,863	16,961,400	8,261,853	19,125,200	43.2%
Local - Alameda Tax & Assessment	-	-	504,225	-	568,550	0%
Local - Other Revenue	-	500	-	141,627	-	0%
Total Operating Revenues	2,032,804	21,251,443	30,332,120	20,681,914	34,201,650	60.5%

¹ Formula to distribute staff labor and fringe benefits to ferry operations has been updated to better reflect staff resources expended on each route. Current month's total includes year-to-date adjustments to Wages and Fringe Benefits and Admin Overhead Expense Transfer.

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Nine Months Ending 3/31/2016

Project Description	Current Month	Project Budget	Prior Years Actual	FY2015/16 Budget	FY2015/16 Actual	Future Year	% of Total Project Budget
CAPITAL EXPENSES							
FACILITIES:							
Maintenance and Operations Facilities							
North Bay Operations & Maintenance Facility	42,635	31,082,000	17,978,666	13,103,334	7,809,517	-	83%
Central Bay Operations & Maintenance Facility	192,780	45,600,000	3,182,898	14,317,102	911,227	28,100,000	9%
Float Rehabilitation/Replacement							
Regional Spare Float Replacement	10,468	3,862,000	1,457,429	2,404,571	1,873,113	-	86%
Replace Mooring Piles - Harbor Bay Float	153,871	450,000	-	450,000	439,455		
Terminal Improvement							
Electronic Bicycle Lockers	46,661	79,500	-	79,500	46,661	-	59%
Channel Dredging - Vallejo Ferry Terminal	138,398	1,900,000	57,854	1,842,146	1,658,390	-	90%
Terminal Access Improvement	6,677	250,000	-	250,000	67,528		27%
FERRY VESSELS:							
Major Component Rehabilitation / Replacement							
Vessel Engine Overhaul - Gemini Class Vessels	-	1,320,000	777,927	542,073	473	-	59%
Vessel Engine Overhaul - Taurus	-	300,000	-	300,000	295,463		98%
Selective Catalyst Reduction (SCR) System Overhaul	630	1,400,000	-	700,000	816	700,000	0%
Major Component & Waterject Rehab - Intintoli	5,507	2,860,000	-	2,860,000	1,296,254	-	45%
Major Component Rehabilitation - Solano	-	430,000		430,000			0%
Vessel Mid-Life Repower/Refurbishment							
Vessel Mid-Life Refurbishment - Peralta	-	5,260,000	3,373,932	1,886,068	50,021	-	65%
Vessel Quarter-Life Refurbishment - Gemini	481,293	3,507,000	-	3,507,000	1,104,496		31%
Vessel Expansion/Replacement							
Purchase Replacement Vessel - Express II & Encinal	43,978	33,951,000	3,227,001	17,086,999	10,480,309	13,637,000	40%
Purchase Replacement Vessel - Vallejo	(6,820)	21,052,000	387	4,999,613	36,476	16,052,000	0%
CAPITAL EQUIPMENT / OTHER:							
Purchase Heavy Duty Forklift	-	120,000	-	120,000	-	-	0%
Purchase Utility Vehicles	-	35,000	-	35,000	-	-	0%
SERVICE EXPANSION:							
Environmental Studies / Conceptual Design							
Berkeley Terminal - Environ/Concept Design	-	2,335,000	2,186,799	148,201	-	-	94%
Terminal/Berthing Expansion Construction							
Downtown Ferry Terminal Expansion - South Basin	203,358	79,580,000	3,269,602	4,180,398	1,440,278	72,130,000	6%
Richmond Ferry Terminal	49,192	17,062,500	791,931	1,240,569	383,925	15,030,000	7%
Expansion Ferry Vessels							
Richmond Ferry Vessels - 2 each	25,729	42,000,000	-	2,000,000	68,205	40,000,000	0%
Total Capital Expenses	1,394,357	294,436,000	36,304,428	72,482,573	27,962,607	185,649,000	
CAPITAL REVENUES							
Federal Funds	641,042	66,401,356	9,114,783	31,415,089	7,341,510	25,871,485	25%
State Funds	417,669	166,257,383	22,272,394	24,660,205	12,265,857	119,324,784	21%
Local - Bridge Toll	262,698	55,037,321	3,467,192	12,844,248	6,069,194	38,725,881	17%
Local - Alameda Sales Tax Measure B / BB	12,174	5,139,940	1,450,059	2,323,031	2,168,154	1,366,850	70%
Local - Alameda TIF / LLAD	30,774	450,000	-	90,000	87,892	360,000	20%
Local - San Francisco Sales Tax Prop K	-	1,100,000	-	1,100,000	-	-	0%
Local - Transportation Funds for Clean Air	30,000	50,000	-	50,000	30,000	-	60%
Total Capital Revenues	1,394,357	294,436,000	36,304,428	72,482,573	27,962,607	185,649,000	

MEMORANDUM

TO: Board Members

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

SUBJECT: WETA Federal Legislative Board Report – April 24, 2016

This report is divided into three sections:

1. WETA is Awarded \$4 million for Downtown San Francisco Ferry Terminal Expansion Project
2. Working to Maximize Future FTA Ferry Grant Program Awards
3. Seeking Authority to Spend Unused Earmarks

WETA is Awarded \$4 million for Downtown San Francisco Ferry Terminal Expansion Project

The Federal Transit Administration (FTA) awarded the San Francisco Bay Area Water Emergency Transportation Authority (WETA) a \$4 million grant for the Downtown San Francisco Ferry Terminal Expansion Project. Notice of this award was made on April 14 through the Department of Transportation. Funding came from the FTA's competitive grant program. FTA awarded a total of 18 grants total with the average grant award of approximately \$3.3 million; \$10.2 million was awarded for projects in California. We were able to get letters of support early in this process from Senators Dianne Feinstein and Barbara Boxer, and Representatives Nancy Pelosi, Mark DeSaulnier, Barbara Lee, Jared Huffman, Jackie Speier, Mike Thompson, John Garamendi, Eric Swalwell, Zoe Lofgren, Anna Eshoo, and Jerry McNerney. Thank you letters have been sent to each member.

Working to Maximize Future FTA Ferry Grant Program Awards

We do not believe the (FTA) has been fully transparent in the way it has awarded ferry grant program funds the past four years. The agency combined FY13 and FY14 funds even though a Notice of Funding Availability (NOFA) was not issued for FY14 and despite the fact that the NOFA for FY13 did not reference FY14. The agency did the same thing in the most recent round of funding: FTA combined FY15 and FY16 funds, even though the most recent NOFA indicated that funding would be awarded only for FY15. If the agency had been forthcoming with ferry operators about plans for distributing these funds, we may have changed our strategy for seeking funding over the past four years (we may have asked for more money). As the FTA prepares its NOFA for FY17 funds, we are asking the Congressional delegation to press the agency to be upfront about how it will distribute funding in FY17 and FY18. In other words, when the FY17 NOFA is issued, we would like to know what level of funding WETA should request, based on how the agency treats funding for FY17 and FY18. Our objective in doing this is to maximize the federal funding from the FTA program to WETA.

Seeking Authority to Spend Unused Earmarks

Even though we worked with the California Congressional delegation to secure funding for WETA for the ferry service from Berkeley to downtown San Francisco in FY08 (\$642,346), FY09 (\$475,000) and FY10 (\$1,000,000), this funding could not be utilized at the time, and because of the rules attached to this funding, the money cannot be re-allocated. We are working with the Congressional delegation to change this, pointing to the Consolidated Appropriations Act of 2016 as a precedent. The Consolidated

Appropriations Act of 2016 included a provision that allows States and territories to repurpose certain funds originally earmarked for specific projects more than 10 years ago (i.e. any earmark that was designated on or before September 30, 2005). FHWA subsequently issued guidance, and included a list of earmarks that can be repurposed. Since WETA's earmarks are from FY08, FY09 and FY10, they are not on the list. While the appropriations committee plans to include similar provisions in appropriations bills in future years, if the same ten-year requirement exists in each subsequent year, it will be three years before WETA can repurpose the FY08 money, and then WETA would not be able to combine funding from all three years until FY2021 (assuming the Appropriations Committee maintains its course). Our objective, which is shared by the delegation, is to give WETA authority to repurpose the earmarks from all three years at the same time, and as soon as possible.

END

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

(April 7, 2016)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met to conduct Alameda site visits in regular session beginning at Alameda City Hall, Council Chambers, 2263 Santa Clara Avenue, Alameda, CA.

1. ALAMEDA SITE VISITS

Chair Jody Breckenridge called the meeting to order at 3:30 p.m. Other directors present were Vice Chair Wunderman, Director Jeffrey DelBono, Director Timothy Donovan, and Director Anthony Intintoli.

Directors, WETA staff, City of Alameda Mayor Trish Spencer, and Alameda staff met at City Hall to begin the tours of the Harbor Bay and Main Street terminals, the future Central Bay Facility site, and the proposed Seaplane Lagoon terminal site at Alameda Point. WETA and Alameda staff provided verbal overviews of projects during the tour. No actions were taken concerning any WETA business.

Chair Breckenridge called the meeting into recess at 5:30 p.m. noting that the Board would reconvene in regular session at 7:00 p.m. at Alameda City Hall Council Chambers, 2263 Santa Clara Avenue, Alameda, CA.

2. CALL TO ORDER – BOARD CHAIR

Chair Jody Breckenridge called the meeting to order at 7:00 p.m.

3. PLEDGE OF ALLEGIANCE AND ROLL CALL

Chair Breckenridge led the Pledge of Allegiance. Other directors present were Vice Chair Jim Wunderman, Director Jeffrey DelBono, Director Timothy Donovan and Director Anthony Intintoli.

4. REPORT OF BOARD CHAIR

Chair Breckenridge welcomed Directors, staff and guests to the meeting. She thanked Mayor of Alameda Trish Spencer and Alameda City Manager Jill Keimach for the hospitality they extended in hosting WETA's April Board meeting at Alameda City Hall. She also thanked Alameda Point Base Reuse Director Jennifer Ott for her presentation during the Directors' sites tour that had taken place prior to the meeting. Chair Breckenridge said that WETA and its prior incarnation, the Water Transportation Authority (WTA), had a long history with the City of Alameda. She encouraged guests to fill out speaker cards if they wanted to speak and emphasized that she wanted to assure everyone who wanted to do so would have a chance to speak at the meeting.

5. REPORTS OF DIRECTORS

Vice Chair Wunderman introduced himself and welcomed guests to the meeting. He said the tour of the Alameda facilities had been really great and he looked forward to hearing comments from the community and to continuing the WETA and City of Alameda partnership.

Director Donovan introduced himself and welcomed guests to the meeting. He emphasized that the reason the meeting was being held in Alameda was because Directors and staff wanted to hear from community members. He encouraged anyone who wanted to speak to do so, and said WETA was there to listen to concerns and that all feedback was important and valued.

Director Intintoli introduced himself and welcomed guests to the meeting. He thanked City staff for the hospitality in hosting the meeting at City Hall. Director Intintoli added that he wanted to thank the City of Alameda and said it had been one of the two cities - the other being Vallejo - that had initially built the recent Bay Area ferry service. He said Alameda had proven that ferry service to San Francisco was a viable transportation option and he was very grateful to the City for that.

Director DelBono introduced himself and welcomed guests to the meeting. He said he was an Alameda resident, and he understood firsthand how important the ferry service was to the island community and how great the ferry service was. He said he had attended lots of meetings with Alameda residents, hearing their concerns and said one of the biggest concerns was the parking challenge at the existing terminals. He said he looked forward to hearing feedback from anyone who wanted to share it during the meeting, and he encouraged everyone to speak up.

Vice Chair Wunderman reported that the period for community and other stakeholder feedback had been extended for the WETA Strategic Plan and said the Plan was off to a really good start. He said the current objectives for the Plan were to solicit more robust participation from the community and to continue working toward a more visionary objective than had been initially included in the Plan's first draft. Vice Chair Wunderman said that prior to joining the WETA Board, like many of his colleagues at the Bay Area Council, he had envisioned that an extremely robust ferry system would be created and managed by WETA. He said that he now had a better understanding of what was required to run the WETA ferry system on a day to day basis and realized it was quite a bit more complex than he had initially realized.

Vice Chair Wunderman further explained that funding was crucial to building a more robust system and a requirement for the management of present day capacity challenges and future service expansion. He said that later in the month, the California Transportation Commission was going to be cutting funding to existing projects in California, including some in the Bay Area. He emphasized that there were not a bunch of big pots of money sitting around to be used for anything that sounded like a good idea. He said that for WETA to get the funding it needed, it would have to identify the vision and the cost, speak up about it, and prepare to fight for it because there was a lot of competition for funding. He said WETA Directors and staff were prepared to do just that and he was working with Director Donovan on behalf of the Board to identify the right Strategic Plan vision for WETA. He said he and Director Donovan looked forward to bringing a revised Plan to the Board in the next few months for public feedback, Board review and ultimately, for final adoption.

Director Donovan said one of the primary objectives he and Vice Chair Wunderman had in working together on the Strategic Plan was to garner more rider and community feedback. He said he agreed that there was a great foundation in the first draft of the Plan and he encouraged meeting attendees to share their feedback because it was an important part of the Plan's formalization process.

Director DelBono reported that he had been hearing many concerns from community members about parking challenges at the Alameda terminals. He said it was an important day and that he looked forward to hearing even more feedback from meeting attendees later in the meeting.

6. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and noted that Manager of Planning and Development Kevin Connolly had attended the Alameda City Council meeting earlier in the week where the Seaplane Lagoon Memorandum of Understanding (MOU), on the agenda for the Directors' consideration at this meeting, had been unanimously approved by the City Council.

Ms. Rannells also said that there were several communities considering applications for Federal Transportation Investment Generating Economic Recovery (TIGER) Grants including Alameda

for the Seaplane Lagoon project and, according to interim San Francisco Port Director Elaine Forbes, the Port of San Francisco for the Mission Bay project. She said staff looked forward to future conversations about TIGER Grants and to supporting those applications.

Ms. Rannells noted that, as indicated in the Board's written Federal Legislative Report, an opportunity existed to repurpose old earmarked funding for current and future projects. She said there had been some funds set aside years ago for a Berkeley service that had never been utilized, and efforts were underway with Senator Feinstein's office to redirect those old funds to current or future projects. Ms. Rannells said she would keep the Directors updated on those efforts.

PUBLIC COMMENT

Alameda Mayor Trish Spencer said she was happy to have WETA visit the city. She said that ferry service was clearly important to the island community as evidenced by the large number of Alameda residents at the meeting. Mayor Spencer added that she very much appreciated that the Directors and WETA staff had visited Seaplane Lagoon, Alameda Point and the Harbor Bay and Main Street Terminals.

7. CONSENT CALENDAR

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

- a. Board Meeting Minutes – March 3, 2016
- b. Authorize Actions Relative to the Resolution of Local Support for the Transit Performance Initiative Incentive Program
- c. Approve Proposition 1B Program of Projects and Authorize Agency Officials to Execute Program Requirements
- d. Authorize Release of a Request for Proposals for Construction Management Services for the Downtown San Francisco Ferry Terminal Expansion Project
- e. Authorize Release of a Request for Proposals for Professional Engineering/Consulting Services to Support Ongoing System Capital, Planning and Operational Projects

Director Donovan asked if the construction management contractors proposing for the Downtown San Francisco Ferry Terminal Expansion Project would be made aware of the Project Labor Agreement requirement for the project and Ms. Rannells said yes.

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

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

8. AWARD CONTRACT TO OVERAA/POWER, A JOINT VENTURE FOR CONSTRUCTION OF THE CENTRAL BAY OPERATIONS AND MAINTENANCE FACILITY

Senior Planner Mike Gougherty presented this item to approve actions for construction of the Central Bay Operations and Maintenance Facility to include the approval of a contract award to Overaa/Power, a joint venture, for design-build construction in an amount not to exceed \$54,670,000, authorization for 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 authorization of a budget increase to the Central Bay Operations and Maintenance Facility project in the FY 2015/16 Capital Budget in the amount of \$23,900,000 to support the award.

Director DelBono noted that because of the hard work of WETA staff and others, \$3 million of the total funds for the project would be paid using a federal grant.

Vice Chair Wunderman asked why the amount to support the project was higher than initially anticipated. Mr. Gougherty explained that the engineer's estimate, developed in the fall of 2015 for the

project had been \$46 million and that the budget had not yet been updated to reflect this amount. He said the amount being requested as the final number for the contract award was within 10 percent of the engineer's estimate and reflective of the final engineer's estimate after negotiating changes.

Vice Chair Wunderman asked if the Central Bay Operations and Maintenance Facility project was the largest capital project WETA had undertaken thus far and Ms. Rannells said it was. Vice Chair Wunderman asked how the use of Proposition 1B funds for the project would affect other WETA projects. Ms. Rannells explained that when Proposition 1B funds initially became available, the WETA Board had made a commitment to utilize these funds to support implementation of a set of core capital projects needed to support WETA's existing and planned expansion regional ferry system . Consistent with this intent, Proposition 1B funds have largely been used to support implementation of projects like the Central Bay Operations and Maintenance facility, as well as the North Bay Operations and Maintenance Facility, expanded berthing in San Francisco, and the construction of new vessels. She said that moving forward with construction of this project represented a huge step in delivering the original vision and noted that it was a great day for WETA, as an organization. Vice Chair Wunderman said he agreed.

PUBLIC COMMENT

Veronica Sanchez of Masters, Mates & Pilots (MM&P) said she and her union congratulated WETA on the project plans. She said she and the MM&P members had worked very hard to support WETA in its efforts to secure the \$3 million federal grant mentioned by Director DelBono earlier in the meeting. She said she looked forward to MM&P engineers working at the facility once it was built and in service. She also said her members looked forward to working on the tug boats that would be used to build the waterside portion of the facility adding that it was her hope that the contractor chosen for the project, with whom the union historically had a very good relationship, would continue to work with the union's members on the project. Ms. Sanchez said the project was a win-win and that she very much looked forward to working with WETA and its contractor on the facility.

PUBLIC COMMENT

Alameda resident Jim Strehlow welcomed WETA to Alameda. He said there were only 75 parking spaces planned for the Central Bay Operations and Maintenance Facility and it was surprising that there was no mention of an employee shuttle to bring people to work there. He said a shuttle would help ease anticipated traffic and parking congestion at the planned new facility. He also said that the breakwater at Alameda Point had been paid for by someone at some point in the past, and he suggested that WETA also pay for it if the new facility is going to benefit from it.

Director Donovan 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.

9. APPROVE A MEMORANDUM OF UNDERSTANDING WITH THE CITY OF ALAMEDA FOR FUTURE SEAPLANE LAGOON FERRY SERVICE PROJECT

Mr. Connolly presented this item recommending Board adoption of a Memorandum of Understanding (MOU) with the City of Alameda for a future Seaplane Lagoon Ferry Terminal Service Project. He said the MOU would formalize the partnership between the City of Alameda and WETA and provide a conceptual level common understanding of the project and future service. Mr. Connolly also noted that the MOU had already been unanimously approved by the Alameda City Council and he thanked those council members for their work on and adoption of the MOU.

Mr. Connolly explained that the City's initial plan years ago was to close the Main Street terminal once the Seaplane Lagoon service was in place. However, those plans had been scrapped and the working plan was that both terminals – in addition to the Harbor Bay service terminal in Alameda – would be in service for Alameda residents. He said the Seaplane Lagoon MOU was a culmination of more than two years of work by the City of Oakland, the City of Alameda and WETA staff. Mr. Connolly said WETA staff was grateful to the City of Alameda as their partner.

Mr. Connolly introduced Jennifer Ott from the City of Alameda who said the City was presently working with the developer on permitting and design for the new ferry terminal at Seaplane Lagoon. Ms. Ott said she really appreciated the partnerships of WETA and the developer on the project. She explained that when the Alameda Naval Base closed several years ago, Alameda lost 18,000 jobs. Ms. Ott emphasized the importance of the Seaplane Lagoon Ferry service to the community because it would return an economic engine to the city. She said investors were keen on having the service up and running as quickly as possible. Ms. Ott also said that the City of Alameda took the concept of partnership very seriously and added that it was wonderful to work with WETA staff as partners on projects. She said that she and her team looked forward to continuing that partnership on the Seaplane Lagoon project and well into the future.

Chair Breckenridge thanked Ms. Ott for helping the Directors visualize the bigger pictures around the Alameda ferry service during the tour the Directors had taken before the meeting. She explained that when she first joined the WETA Board, the understanding had initially been that when the Seaplane Lagoon service was in place, the Main Street Terminal would be closed. She said that with the increase in ferry ridership and due diligence on the part of staff and the Directors, it had since become very clear that the Main Street service should not be shut down, even with the addition of the new Seaplane Lagoon service. She said there was much work to be done to get the new service up and running and she very much looked forward to the continued work with the City of Alameda and added that she was grateful for the strong partnership with the City.

Director DelBono said that historically, Alameda had not been a place for tourism but that with the addition of the ferry service to Alameda Point, where the Seaplane Lagoon service was planned, he expected it would attract lots of visitors to the many attractions already in place and planned for the near future by the City. He added that in just the short time of a couple years that he had been on the WETA Board, he had seen the dysfunctional relationship between WETA and the City of Alameda turned around, with both staffs working in concert diligently to create a strong, communicative, and impressive partnership.

Director DelBono asked why the 400 planned parking spaces in the MOU were going to be temporary initially, when they would become permanent, and how the number of 400 was decided on as the target for how many spaces would be needed at the facility. Director DelBono asked if there would be shuttle service in addition to the planned AC Transit bus service.

Mr. Connolly said the estimate for how many parking spots were needed in Western Alameda was about 1,200. He said it was not likely that 1,200 spaces could be built out at the Main Street terminal. He said there would be better bike access at the Seaplane Lagoon terminal, and AC Transit was designing a Grade A facility at the site for their bus service which they would be providing with a frequency of every 15 minutes. He said that once the permanent commercial development was in place, the parking spaces would also be permanent but until then, the 400 temporary spaces were committed per the MOU.

Ms. Ott said that the developer was committed to funding transit from the 12th Street BART Station to the terminal by paying a tax. She said the first objective was to have the service be provided by AC Transit if that will be possible and if not, the service would be provided by a private shuttle service. She said the transit to the terminal will have 15 minute headways from day one of service operations and that this

service, coupled with the ferry service, was expected to be a huge benefit to developers and home buyers at Alameda Point and the transit user was the type of buyer the City wanted to attract.

PUBLIC COMMENT

Executive Director of Rhythmix Cultural Works and Alameda resident Tina Blaine said she hoped WETA was planning to support more bikes at the terminals, preferably with locking facilities to ensure security. She said it was also important for the City to provide transit such as buses for people to get from the west end of the island to the east end where her organization was located. Ms. Blaine said she was very excited about the new service plans and the adoption of the MOU for the Seaplane Lagoon service.

PUBLIC COMMENT

Representing the non-profit Alameda Community Sailing Center, Kame Richards said that the Seaplane Lagoon body of water was a very special body of water and he didn't know when or where but he hoped to share the lagoon with the ferries at some point in the future by putting the Alameda Community Sailing Center in the center of the lagoon along with the ferries. Mr. Richards said he wanted to assure private users would also have access to the lagoon.

PUBLIC COMMENT

Alameda resident Jerry Serventi thanked Directors for being in Alameda. He said the Seaplane Lagoon project was wonderful in that it had a strong three point partnership with the developer, WETA and the City of Alameda. Mr. Serventi said that he used to have to drive through the Alameda Tube to commute and it was very difficult. The ferry, he said, was a beautiful thing, and he very much wanted to see it continue developing. He said WETA had the opportunity to solve a really big regional transportation challenge with ferry service, and he urged Directors to approve the MOU.

PUBLIC COMMENT

SRM Ernst Principal and Alameda resident Joe Ernst said that in addition to being an Alameda resident, he was also a partner of Alameda Point Partners, the developer for Alameda Point. Mr. Ernst said the planned Seaplane Lagoon project ferry service was a huge component of the anticipated success of the Alameda Point development. He further noted that it was already clear to many what benefits would be provided by the ferry service generally, but he felt strongly that the project would also be a huge benefit to the growth of water transit in the Bay Area because of the inclusion at the outset of infrastructure and operation plans for integrated, multimodal public transportation options to support a centrally located major urban redevelopment project. He added that this notion had been validated repeatedly in the process of securing investors and other partners for the project. Mr. Ernst said he very much looked forward to the continued work and partnerships with WETA and the City of Alameda to bring the Seaplane Lagoon project to fruition.

PUBLIC COMMENT

Member of the Alameda Home Team, Alameda resident and Port of San Francisco representative Anne Cook said that the Alameda Home Team was working to diversify the mix of housing types and density in the City of Alameda and very much looked forward to having the Seaplane Lagoon ferry service up and running. She said she expected that the service will contribute to making Alameda a destination as well as being home base for Alameda commuters. Ms. Cook further explained that as a waterfront Planner for the Port of San Francisco, she was in process of updating the waterfront development plan and she and her colleagues, like so many people, had no expectation that demand for service would be so high so quickly. She said as the ferry system continued to grow, identifying how best to meet those needs for support from a development standpoint was a pleasure, and she and the Port very much enjoyed the challenge. Ms. Cook also said that the emergency component of WETA's mission was not to be overlooked and was especially important to the island community of Alameda.

Ms. Cook said that as a rider, she recognized that WETA had a huge challenge to try and accommodate all of the new ferry riders. She said she has been riding the ferry off and on from Alameda Main Street for a long time, and because she often works late, she leaves for work later on those mornings and generally has to park very far away from the terminal because of the parking challenges. She said that when she returns at night in the dark, it is a very long walk to her car and for this reason she often will choose to take BART on those days instead. Ms. Cook said she hoped that as WETA considers parking for riders, that it considers good lighting as well as more spaces.

PUBLIC COMMENT

Alameda Point resident and Bike Walk Alameda Treasurer Brian McGuire said he was really looking forward to the terminal and facility plans on Alameda Point, most especially because the development of the sites would be from the ground up and because the City would retain the rights to the two sites. He said it made sense for the City to retain control of the land because they plan to develop all around the sites. He added that temporary versus permanent parking made sense at this time for the Seaplane Lagoon terminal but that it probably made sense now, as WETA was growing up, to make parking spaces at the other two terminals permanent. He added that it may make sense to begin charging for parking to help offset costs. Mr. McGuire said he wanted to echo a comment made by a representative from Bike East Bay at the Alameda City Council meeting the prior Tuesday night which was that as the design is considered for the new terminal, it would be important that there was a barrier between the bike lane and the drop-off lane to assure that the bike lane did not become the drop-off lane for obvious reasons.

PUBLIC COMMENT

Karen Bey said she had lived in Alameda for 35 years and had been riding the ferry for 15. She said she had been very concerned about the amazing increase in the ferry ridership in recent years and was actually fearful about capacity concerns, most especially with the project growth for the City. Ms. Bey said she was so happy WETA was in Alameda for the meeting and that this MOU was being shared with residents. Ms. Bey said she urged the Board to adopt the important MOU because Alameda was an island city – with no BART or Muni – and that water transportation was very important to the City.

Chair Breckenridge said that in addition to the evening's public comments on the item, the Board had also received written correspondence via mail and email from Karen Thompson, Dean Santner, William Delaney and Vicki Sedlac, all of whom supported the project and the adoption of the MOU.

PUBLIC COMMENT

Alameda resident Bruce McBride said he suggested looking at traffic congestion on Alameda Point when it was at an extreme, on the first Sunday mornings of the month before and after the Antique Fair that is held there. Mr. McBride said that WETA was tasked with supporting emergency response and said it was imperative that at a minimum, emergency signage be posted along the roads to support that and to help alleviate some of the general traffic congestion. He said that not everyone had to use the same road and that drivers could use other roads, thus reducing traffic. Mr. McBride added that the Port of Oakland was the fourth largest port in the country and said Alameda's ferry service was significant in that the vessels shared the waterways on a huge container ship route. He said Alameda was also unique in that it shared its home with the hemispheric headquarters of the United States Coast Guard. He said that as a result of that, there was more helicopter flyover than most other cities. He said it was also interesting to note that the Alameda ferry line was under the flight path of two different international airports, further increasing the amount of air traffic above its city limits. Mr. McBride said he would hope that the Board would take a wider view of the proposals they were considering to include various sorts of emergency agency needs also, and not limit their concerns to just immediate and near term parking challenges.

PUBLIC COMMENT

Alameda Vice Mayor Marilyn Ezzy Ashcraft said she was married to a very long term rider who began taking the ferry from the Main Street Terminal right after the Loma Prieta earthquake. She said the statistics she had received from WETA Manager of Planning and Development Kevin Connolly indicated that there were more than 1,000 riders who took the ferry from the Main Street terminal every weekday morning. She said that was 1,000 cars taken off the Bay Area's congested highways. She said she saw the naval base close and it was very sad and painful but that the City was now on the brink of an economic recovery from those losses and it was very exciting to have the new sites at Alameda Point play such a large role in that. Vice Mayor Ashcraft said that water transit was now an integral part of the Bay Area transportation network given the limited funding and space for highways and land transit. She said that as public officials, she and the WETA Directors all had an important task to follow mandated legislation to reduce greenhouse emissions. She said that happens by getting cars off the road and she thanked WETA for doing their part in those efforts.

Director DelBono 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. CURRENT STATE OF ALAMEDA FERRY SERVICE

Mr. Connolly provided a presentation on the state of Alameda ferry service including current ridership and ridership trends, recent and planned capital investments, upcoming schedules, future service improvements and expansion plans, Seaplane Lagoon plans, the new Alameda Point Maintenance Facility, terminal access needs and planned improvements, and WETA's Strategic Plan. Mr. Connolly also noted that about 40 percent of the South San Francisco service was from Alameda and about half of those riders brought their bikes onboard.

Mr. Connolly said that 41 percent of WETA's ferry riders surveyed said that if they were not able to ride the ferry, they would drive. He explained that improvements to the Alameda Main Street terminal included parking lot repaving, Clipper implementation, float relocation and gangway rehabilitation, new bike lockers, O'Club parking lot access and improvements (currently underway), *Encinal* engine overhaul and *Peralta* mid-life refurbishment. He noted that the *Encinal* was due to be replaced in early spring 2017.

Mr. Connolly said that some of the improvements to the Harbor Bay Terminal included emergency pile repair, parking lot repaving, Clipper implementation, channel dredging, awning replacement, ADA restroom upgrades, gangway and float rehabilitation and pile replacement. He said the *Bay Breeze* was given a mid-life refurbishment and the Harbor Bay Express II, a new vessel for the service, was due to be completed in spring 2017.

On the operating side, Mr. Connolly explained, a number of changes had happened since the fall of 2013, including support for commuters with increased service during the BART strikes and various Bay Bridge closures, 30 minute morning commute frequencies in scheduling, a dedicated Alameda vessel with a split 8:10 and 8:20 morning trip and additional mid-day trips, the addition of a 6 p.m. trip to address the capacity issues on the 5:35 p.m. departure, larger vessel deployment for the morning service during summer and the addition of an evening departure for the South San Francisco route.

Mr. Connolly said that ridership continued to grow and that in the summer at Main Street and in the fall at Harbor Bay, there may be leave behinds. He said other concerns to note were that capacity on vessels leaving the Ferry Building in San Francisco throughout the evening commute challenged the boats to adhere to their official schedules. He said with larger crowds, the vessels can end up leaving after their scheduled departure times and arriving later than expected at their destinations. Mr. Connolly

explained that with the growing ridership, more and more bikes were also being brought onto the boats which was great but contributed to overcrowding in the bike storage areas. He said many boats were now carrying 40 or 50 bikes on each trip. He added that with the anticipated summer peak congestion, riders should expect that commuters plus tourists plus Giants fans were going to equal very crowded boats.

Mr. Connolly said that staff had been working on some creative solutions for the anticipated capacity challenges this summer to include three additional mid-day trips on the weekends, three additional weekday evening trips, a dedicated Pier 41 trip that will travel direct to the East Bay, creating space on the 4:30 and 5:20 p.m. trips, and use of an old-style monohull boat which would be a slower boat but could be put in service outside of the peak trip hours and allow all of the high speed vessels to be put into service when they were most needed.

PUBLIC COMMENT

Twenty year veteran ferry rider Tim Neilson said he appreciated Director DelBono's and other City staff's interest in hearing community feedback. He said the Harbor Bay Terminal shelter was not sufficient to protect riders queuing up in inclement weather and he found it ironic to see funding for expansion efforts when current service needed dire attention for basic things like parking and shelter for riders. He said he hoped WETA staff would be able to focus on current service needs and perhaps redirect some of the funding being put forth to expand service back to current riders who have been supporting the ferry for years whose basic needs were not being met.

Chair Breckenridge said she and other Directors and staff had just visited the Harbor Bay Terminal before the meeting during the site tour. She said she had seen photographs before but during the tour, had seen firsthand what he had just described. She said everyone had also seen the state of the restrooms at the Harbor Bay terminal.

11. LANDSIDE ACCESS STATUS REPORT FOR MAIN STREET AND HARBOR BAY TERMINALS

Mr. Connolly presented this report on the landside access status for the Main Street and Harbor Bay Terminals. He explained that ferry ridership at both terminals had continued its strong growth, with Alameda/Oakland ridership growing at a 30 percent rate and Harbor Bay growing at 20 percent over the last year. Mr. Connolly said ridership continued to grow despite capacity constraints both on board vessels and in the parking supply at both terminals.

Mr. Connolly said that 75 percent of riders at the Main Street Terminal drove to it and parked their cars. He said that number was 62 percent at the Harbor Bay Terminal. Mr. Connolly explained that WETA staff had been engaged in a three year effort to improve access to both terminals through working partnerships with both the City of Alameda and with AC Transit staff. These efforts, he said, involved reaching out to both communities and ferry riders through WETA's own planning study and the efforts of the City and AC Transit. Mr. Connolly said that there were 250 parking spaces at the Harbor Bay terminal and 324 at the Main Street Terminal but both terminals regularly experienced a significant amount of spillover parking onto nearby streets and informal lots. He said at Main Street, there were approximately 400 spaces within a ten minute walk to the terminal that were on unmarked sections of the Main Street shoulder or City-owned dirt and asphalt lots adjacent to the Oakland Estuary. He further noted that this terminal lot was typically full by the 7:45 a.m. departure on most weekdays and that there could be as many as 400 cars parked on the street and in informal lots. At Harbor Bay, he said the lot was full by the 7:30 a.m. departure and spillover parking occurred on nearby Adelphian Way and throughout residential neighborhoods near the terminal. He added that there was no resident permit parking program presently in force in Harbor Bay.

Mr. Connolly further explained that AC Transit provided bus service to the Harbor Bay terminal through its local Line 21. He said drop-offs and pickups were timed to meet the WETA ferry schedules. Mr. Connolly said ridership was low on AC Transit partly due to its 66 percent on-time performance for buses dropping passengers off at the terminal. He said that through a cooperative agreement with AC Transit, fares were free on that bus when riders transferred to the WETA ferry using their Clipper Cards. He said there was no bus service at the Main Street Terminal because service had been discontinued in 2009.

Mr. Connolly said that there had been recent improvements and setbacks for rider access at both Alameda terminals and WETA staff had been working closely with their counterparts at the City and AC Transit and would continue to advocate for access improvements on behalf of its riders.

Mr. Connolly explained that at Harbor Bay, the City had initiated a planning effort in the fall of 2015 and winter of 2016 with nearby Homeowners Associations and the City's Transportation Commission to address spillover parking in residential neighborhoods. WETA staff, he said, had participated in the effort and provided data and input through a working group established by the City to address ferry terminal access issues. He said the plan adopted by the Transportation Commission recommended adding 46 parking spaces along Harbor Bay Parkway and eliminating on-street parking on Adelphian Way. Mr. Connolly explained that in order to implement these improvements, the City was required to amend a permit with the Bay Conservation and Development Commission (BCDC) and that their staff had been slow to act on the City's permit request and recently indicated that only a limited number of parking spaces would be allowed on the Harbor Bay Parkway. Mr. Connolly said the City and WETA would continue to work together, along with the residents of Harbor Bay, to explore alternatives for improving access to the ferry based on the leadership of the Alameda Transportation Commission.

At the Main Street terminals, Mr. Connolly explained, the City and WETA worked together to improve access through increased bicycle parking, conversion of a city-owned parking lot and exploring possibilities for bus service. He said the City and WETA executed a License Agreement to improve the parking lot for the old Officer's Club across Main Street from the terminal and it was expected that this lot would then become available for overflow ferry parking. Mr. Connolly said these capital improvements included repaving and lighting along with the installation of a new crosswalk to improve safety. He said WETA had also recently installed 12 electronic bike lockers and increased the number of bike racks at the terminal to encourage bicycle use. Mr. Connolly added that in the midterm to long term, some of the creative problem solving idea possibilities included relocating the dog park adjacent to the terminal and converting it to parking, installation of bike lanes on Main Street, and exploring shuttle or privately funded feeder services.

Mr. Connolly said that AC Transit had recently conducted outreach to increase local bus service throughout its service area using new sales tax revenue. He said that for Alameda, AC Transit was able to introduce one new bus route and that the City had been given a choice of routes to serve schools and the ferry terminal or serve future development on the northern waterfront. Mr. Connolly explained that City staff and the Alameda City Council had recommended that AC Transit direct their available resources to the future development service which meant that the terminal would continue to not be served by AC Transit buses. Mr. Connolly added that despite this, WETA staff would continue to meet with the City and AC Transit staff to develop new proposals for AC Transit or private shuttle service to the terminals. He also said that AC Transit recently began their own planning efforts which were expected to incorporate better access to the ferry terminals in Alameda, and that WETA staff would also be participating in Alameda's new Citywide Transportation Study. Mr. Connolly said it would require the ongoing efforts and attention of WETA staff and Directors, City of Alameda staff and Council and other agencies such as AC Transit to creatively address the ongoing terminal access challenges.

PUBLIC COMMENT

Harbor Bay resident and board member of the Alameda Headlands Homeowners Association Chad Otten said he very much appreciated WETA coming to Alameda and that Mr. Connolly had addressed his primary reason for attending the meeting which was the Harbor Bay terminal access and parking concerns. Mr. Otten said he walked to the terminal but riders who had to drive needed a place to park their cars. He added that for years there had been discussion about possibly using the adjacent land to the Harbor Bay Terminal for parking but that he had recently heard that this land was no longer available. He said he wanted to see if anyone could confirm that this was true and further explained that he thought this land might now be under contract to a planned senior care facility and he didn't know if any possibility remained to use it for ferry rider parking. Mr. Otten said that land would be an excellent solution to the problem, and though there would likely be zoning issues if it could be used, he and others in the community were prepared to work with WETA staff and the City to support utilizing it for parking.

PUBLIC COMMENT

Columbia Homeowners Association Board member and longtime Alameda resident Paul Ravetti said he was a regular ferry rider from both terminals, that he very much enjoyed his rides, and that he felt the WETA vessel crews were extremely professional and responsive to riders. He added that he really appreciated their service. Mr. Ravetti also said his children rode the ferry now and again and he felt the ferry service was one of the safest methods of transit to get from Alameda to San Francisco. He congratulated WETA Directors and staff on the surges in ridership, and said the additional 4,347 riders on the Harbor Bay ferry in the month of February were coming from faraway places such as San Leandro, Castro Valley and Hayward and not from Alameda. He said these people from other cities found out about the ferry during the BART strike and learned how wonderful it was - which was great - but the infrastructure to support all of these new riders was not in place.

Mr. Ravetti said that right now he and other Alameda homeowners felt they were subsidizing parking on all of the riders' behalf. He said as a homeowner, he was not encouraged to park on the streets so that children could use the streets to play. He further explained that he had witnessed people speeding around blind spot corners to get to the terminals when children were in the streets or on their bikes going to school. He said children on bikes, and mothers, sometimes with four children and strollers, were coming out of garages while ferry riders in their cars were doing unsafe things like backing up into those driveways, focused only on the clock and parking their vehicles. Mr. Ravetti said this was a serious safety issue and it needed to be addressed before something awful happened.

PUBLIC COMMENT

Corporate Secretary and counsel for the Harbor Bay Business Park Association Dan Reidy said the Association was a stakeholder and supporter of the Harbor Bay ferry service. Mr. Reidy said the Association's members contributed a cash subsidy to WETA's operating budget, in amounts based on the size of their spaces in the Business Park. He added that there was an agreement with the developer of the Park for a Transportation Improvement Fund (TIF) that also contributed \$500,000 annually to the WETA operating budget. Mr. Reidy said additionally, the Association's members paid for a free shuttle service that ran from the BART station to the terminal during peak commute hours. He said the number of people coming into the city from San Francisco on the shuttle in a reverse commute was growing. Mr. Reidy said when the City began expressing concerns about the parking challenges, the Association polled its members and found them to be in support of more parking at the Harbor Bay terminal with a few caveats. He said perhaps the shuttle could go through the residential areas picking people up and taking them to the terminal with agreed upon areas established for residents to congregate and catch the shuttle. He said this is something WETA and the City should consider as a permanent solution to the growing parking problem.

PUBLIC COMMENT

Mr. Neilson said he wanted to echo some of the points that had been made. He said he was thrilled with the service and loved riding the ferry but that the parking challenges were not a new problem. He said it

was frustrating that there had been adjacent land available for a long time that could have been utilized for additional parking and that, as Mr. Otten proposed, if there was any possibility of getting that land for parking, WETA and the City should do that or at least get part of the land before it was fully developed. He said if that was not a possibility, a multistory garage would have to be considered which would likely create additional problems. Mr. Neilson said he wanted some sign that people were focusing on that land. He said he lived far enough away that he was not affected with riders parking in his neighborhood but he had many friends closer to the terminal who experienced myriad problems caused by the increase in ridership, including not receiving their mail.

PUBLIC COMMENT

Columbia Homeowners Association and Alameda resident Steve Cvitanovic thanked the WETA Directors and staff for bringing the Board meeting to Alameda. He said he was especially appreciative that Director DelBono had met with him and others to discuss the parking challenges. Mr. Cvitanovic said he lived within a five minute walk to the terminal so he never had trouble parking but did have trouble with the parking of other riders' vehicles on residential streets. He said he had recently reviewed the last three General Plans along with the environmental approvals for the ferry service and one thing that particularly had struck him in doing so was a section in the 1979 Plan, before the Harbor Bay ferry service existed, regarding potential ferry service that read, "... maintaining and enhancing the residential environment of the Alameda neighborhoods". Mr. Cvitanovic said that for the last twenty years or so, the ferry service and residential neighbors had lived together quite harmoniously and in synchronicity, with one benefitting the other. He said the ferry service had been an asset to residents who in turn were an asset as riders to the ferry service. Mr. Cvitanovic said that as the vessels for the service have grown in size, so have the problems created for residents by the ferry service. He added that now, it was generally felt that the ferry service was infringing upon the rights of the residents and this was very important to recognize. He said solutions dwindled as time marched on, and he wanted to be certain that the Directors understood it was their job to fix these parking problems. He added that it was very frustrating that it had taken the City 8 or 9 months to sort out the issue with the Bay Conservation and Development Commission (BCDC) permitting, only for the application to ultimately be denied.

Mr. Cvitanovic said it was also frustrating that the land next to the terminal had been available for a long time and that opportunity may have also since passed. It was also very frustrating, he said, that the developers who stood to profit from the Seaplane Lagoon development had decided to sell the land adjacent to the Harbor Bay Terminal to other developers who planned to build a senior care facility and that no one had provided true clarity on that project and those plans to the community. Mr. Cvitanovic invited Mr. Ernst to explain what exactly was really planned for that land. Mr. Cvitanovic also said it was frustrating to hear that WETA was planning to invest in expansion when current, long time service users' and the community's concerns and needs were not being addressed and resolved. Mr. Cvitanovic thanked Directors and staff again and said he truly appreciated that the meeting was being held in Alameda. He said he looked forward to being provided with more information on the matter at the next Board meeting.

PUBLIC COMMENT

Mr. McGuire from Bike Walk Alameda said additional concerns his organization wanted to raise included movement within the terminal for bicycle riders. Mr. McGuire said greenhouse emissions and growing parking challenges could be reduced at the Main Street Terminal if bicycle riders were allowed to disembark the vessels first so they would not compete with motorists trying to exit the parking areas simultaneously. He said having bike users exit last mixed them in with the cars and created unsafe passage for bicyclists. Mr. McGuire also said that the paths were not sufficient for bike users. He said that because parking was free, people just drove their cars instead of finding alternative methods to get to the terminal. Specifically, he said he knew there were Bay Farm residents – just a half mile or so away from the terminal – who drove to the terminal and parked to catch the early ferry.

Mr. McGuire suggested that if WETA charged a nominal fee for parking, it was likely those people who were that close to the terminal would get out of their cars, helping to mitigate the parking challenges. He said protected bike lanes to and from the terminal were really important to get into place as soon as possible. Mr. McGuire added that he knew Mr. Ernst had access to acres and acres of land that possibly could be utilized for parking purposes with the assistance of a shuttle to the terminal.

PUBLIC COMMENT

Alameda resident John Galloway said that like everyone else, he loved the ferry but the parking issue was terrible. He said he understood the Directors were talking about it but he wanted more data. He said it had been mentioned that the Main Street Terminal would exceed its capacity by 2019 if ridership continued to grow but that it was already over capacity. Mr. Galloway also said that the dirt path needed to be paved and lit. He said there was no visibility on the path at night, even in good weather. He added that he takes the earlier ferry to assure he can get parking but he would prefer to take a later ferry. Mr. Galloway said he was also an advocate for bike lanes on Main Street and that reconfiguring the crosswalk on Main Street would be wise since when the light changes, pedestrians are put into conflict with bike riders and motorists.

PUBLIC COMMENT

Bay Crossings founder Bobby Winston thanked the Directors and staff for holding the meeting in Alameda. He said he encouraged Directors to continue visits to the communities the WETA ferries serve and that Directors should have a meeting on the peninsula and in Richmond as well.

PUBLIC COMMENT

Alameda resident Maria Vella said that the presentations at the meeting had been extremely helpful. She said she was especially pleased about the planned improvements to the terminals and that it was really important, when discussing expansion to other sites, to remember that the existing terminals needed attention and care. Ms. Vella said there was a severe lack of signage in the City to get people to the terminals, especially for bike riders, with information such as distances. She said alternative route signage, especially at Alameda Point, was also important for both bike riders and motorists. Ms. Vella said there were safety issues for bike access in and out of the terminals because bike riders had to go through the middle of cars and also interact with pedestrians. She said this was creating a lot of issues for everyone involved. She added that lighting was also terrible in the parking lots and that when she comes home late at night and has to walk over to her car or find her way on her bike it is very difficult and could be unsafe. She said there was a very high demand for a bike lane on Main Street.

Ms. Vella also said she had friends on the island who had experienced consistent problems finding parking in front of their own homes near the terminals when they returned from work at night, sometimes even as late as 9 p.m., and further noted that many parents were experiencing trouble turning at the intersection of Adelphian and McCartney while trying to get their children to school because of the traffic congestion there in the mornings and evenings. She suggested a reconsideration of the speed limits in the areas of the terminals because people were traveling considerably faster than legally allowed and this was dangerous and especially contributed to safety issues for bicycle riders. Ms. Vella said she hoped more resources would be funneled to the increasingly popular Harbor Bay Terminal and its pressing improvement needs, and noted that more electronic bike lockers were especially desirable at that terminal.

PUBLIC COMMENT

Board Chair of the Harbor Bay Homeowners Association Charles Hodgkins said his association was responsible for the twenty projects in Bay Farm. He said he echoed everything that everyone had shared throughout the evening. Mr. Hodgkins said there were way too many people trying to park. He said he had met with the City earlier that day and the hope was to develop a plan to improve shuttle access and restrict private street parking. He said the expectation in doing so would be to help move

more people out of their cars and mitigate the parking problems. He said he didn't want the ferry service to go away most certainly, but he and his associates felt strongly that the situation required immediate attention, particularly if WETA had service expansion plans. He added that the land next to the Harbor Bay Terminal was no longer for sale and no longer a viable solution to the problem.

PUBLIC COMMENT

Columbia Homeowners Association Board member Gary Lym thanked the Directors for coming to Alameda. He said that like Mr. Hodgkins, he also served on the master Board. Mr. Lym said he appreciated that Director DelBono had met with residents. He said the overarching concern around the parking situation and overcrowding at the terminals was safety and that this was a fundamental issue affecting quality of life for Alameda residents. He added that one of the things he had seen in the earlier presentation was that WETA had an objective to increase ridership and that was incompatible with the residential neighborhoods. He said some of the Homeowners Associations were private and some were public. He explained that the private Associations could prevent ferry riders from parking in their residents' guest parking places with a permitting process, but the public Associations did not have that luxury. Mr. Lym said he had neighbors who had riders park in front of their mailboxes which prevented these residents from receiving their mail for sometimes up to three days because the mail carrier could not access their mailboxes. Mr. Lym asked that Directors be diligent in addressing the parking problems in a permanent way and not just with Band-Aid solutions of quick, temporary fixes.

PUBLIC COMMENT

Alameda resident Paul Anzel said he was a ferry rider and bicycle commuter. He said he wanted to add his voice to the chorus of people who want to impress upon Directors the importance and appreciation of the ferry service in Alameda. He said he also wanted to join the voices of those bike riders requesting improved access to the Main Street Terminal, especially on Main Street. Mr. Anzel suggested the installation of bike repair stations which he said cost about \$1,000 each. He said he had picked up glass at the San Francisco Ferry Building in the past and if repair was possible before his ride home, that would be so helpful for common situations like that. Mr. Anzel said he had seen the existing, informal Main Street motorcycle and scooter parking spaces filling up and if a car space or two could be opened up for these smaller vehicles, a lot more riders would have parking access right away.

PUBLIC COMMENT

Alameda resident Patrick Clancy thanked the Directors for holding the meeting in Alameda. He said the ferry was wonderful and that he and his wife had discussed the fact that if they were to ever move, their new home would need to be in a place near ferry service. Mr. Clancy said he fully understood the immense challenge WETA faced with the parking crisis. He said riders and residents were frustrated, most especially at the Harbor Bay Terminal which is where he caught the ferry.

Mr. Clancy said there was a lot of vehicle crime taking place at the Harbor Bay Terminal facility. He said that on a near daily basis there was broken glass and that just the other day, someone broke the window in a friend's car and stole her stereo. He asked that Directors keep that in mind when considering solutions to the parking problem there because the safety and security of riders' vehicles was important.

Mr. Clancy further explained that he and his wife take their daughter to a daycare facility on North Loop Road in Alameda which is only about 3 minutes from their home. He said he didn't know how they would be able to manage a daycare situation without having the ferry so close. He said it was very convenient to be able to just drop her off and then go directly to the terminal and park their car. Mr. Clancy said that because of the parking problems at the Harbor Bay Terminal however, they were forced to have to take the 7:30 a.m. ferry because if they arrived after that, there was no parking available and they then had to take BART which also often had no parking available. Mr. Clancy said that on the occasions that there

was no parking at the ferry terminal and no parking at BART, he and his wife had been forced to work from home.

PUBLIC COMMENT

Alameda resident Emily Thiagaraj said her daughter goes to the same school as Mr. Clancy's daughter. She said she and her husband both rode the ferry regularly from the Harbor Bay terminal. She said she regularly dropped her daughter off and then drove to the terminal to take the 8:30 a.m. ferry and she was one of the riders that everyone was talking about who was parking on residential streets. She said she was very careful to not park in front of mailboxes and to not block residents' driveways, but she saw so many other riders who were not careful in the same ways. She said there had to be more parking because for people like her, there was just no other option than driving to the terminals to use the service. She said until the problem was solved, there should be people on the street ticketing drivers who park in residents' driveways, block their mailboxes, or exceed posted speed limits. She suggested that police officers be planted in the neighborhood to catch people in speed traps because drivers consistently speed through the neighborhood. She said a shuttle service from North Loop Road, which had ample parking places and a popular daycare facility, would be wonderful if there was no possibility to build a parking structure.

Ms. Thiagaraj said that her daughter was on a wait list for a school closer to the Main Street Terminal because if she can't find parking at Harbor Bay, she would have to move her daughter to a different school. She said that she and her husband don't want to have to move her from her current school but because BART and the bus were unreliable and took too long, they had to take the ferry and they had to be able to park their car to do that, even if it meant changing their daughter's school.

PUBLIC COMMENT

Mr. McBride proposed extending the Bay Trail behind Bay Ship & Yacht over to the unused Navy housing area where there were currently no pedestrians, bikes or cars. He said this would be just about 600 paces away from the terminal and would provide about a mile and a half of parking spaces. Mr. McBride said that he knew people now walked sometimes as much as 1,000 paces to the terminal after parking their cars and that this area would be closer than that. He added that this would increase the parking amount by 30% and provide a safe and delightful promenade walkway at Alameda Point. He noted that Alameda should have a beautiful bike path right along the estuary which could feed into the Bay Side Trail and terminate at the terminal.

PUBLIC COMMENT

Gerald Bryant from the 6th Street Block Association said that unlike most of the people in the room, he regularly used public transportation in Alameda. He said that despite everything that had been said throughout the evening, only the minimum amounts of effort and resources had been put into public transportation on the island. Mr. Bryant said he lived on the West End and that in addition to cars in the West End, there were many people there who relied on public transportation and used it regularly. He said it was ironic that there were more public buses on the East End of the island when there were more bus riders on the West End. He added that the public bus service on the island was inadequate and poorly timed and deserved more resources and planning efforts.

Mr. Bryant said there were problems with the parking for the ferry terminals because there were no buses that served the terminals. He said that there used to be bus service to the terminals but they were inadequate, providing only 30 minute frequencies and often not on time. He said it was ridiculous to expect people to rely on such inadequate service. Mr. Bryant added that if all of the drivers who took the ferry got out of their cars and hopped on a bus to get to the terminal, they and the City wouldn't have all this worry about parking and having their cars broken into at the terminals.

Director DelBono said he had spent some time on Bay Farm Island and met with many of the speakers the Directors had heard throughout the evening. Director DelBono said he had also met with some of the businesses in the area and sat down and talked with the developer of Bay Farm Island and spoke with his company, Doric, in efforts to see what might be done to resolve the parking issues. Director DelBono said that the Main Street Terminal issue was being addressed at least temporarily in the partnership with the City to open the Officer's Club parking lot for riders. He said the City and WETA staff had worked hard to move that solution forward and it had taken a while but considering all of the various agencies involved, it was happening relatively quickly and ground had been broken already. Director DelBono said he was a proponent of better and safe bike access to that terminal and he felt like the Directors, staff and the City all agreed with that objective.

Director DelBono said the Harbor Bay Terminal had been built out right in the middle of a residential development and while there may be land near the terminal, WETA and the City were not able to just make land claims and use it as they saw fit, unfortunately. He said that to solve the parking issues at the Harbor Bay Terminal, WETA was going to have to partner with the same people it had to partner with on the Seaplane Lagoon project and the Officer's Club solution, which were the residents of Harbor Bay, many of whom had spoken at the meeting. Director DelBono said that if 94 percent of the riders from that terminal were originating in the 94502 area code and those people felt that they had to drive their cars to get there, then there was truly a parking issue. He added that people often perceived Alameda as a small, walkable little community and that just wasn't the case. He said it took a good hour or more to walk from the East end to the West end. Director DelBono asked what would motivate people to get out of their cars. He said there absolutely could be improvements to the Harbor Bay Terminal and everyone who took the tour earlier that day had seen that.

Director DelBono proposed a working group made up of City staff, WETA staff and community members to brainstorm the overall parking challenges with the objective of figuring out some real options to consider as solutions. He said he was hearing the same thing from everyone and that was that they loved the ferry service and they want the ferry service and they want more parking. He further noted that there was no clear solution to the parking problems and said it was his hope that two or three sessions of this proposed working group could bring ideas back to the Board for consideration. He said he wanted to find a solution and not just come out to Alameda and listen to everyone and then just walk away.

Chair Breckenridge asked when the next survey was planned and Mr. Connolly said it was planned for the fall of 2017. Chair Breckenridge said that a number of the recommended solutions had already been tried several times and failed. She said Directors did not know what it would take for people to get out of their cars but it was important to find out. She said data would allow the Directors to put money into solutions that would be more likely to succeed and that determining ways to have riders access the terminals without their vehicles was paramount to finding a solution for the parking challenges given the limited options seemingly available. Director DelBono said collecting the data would be one of the objectives of the working group he proposed. Chair Breckenridge suggested that perhaps additionally, an online survey might be one of the possible methods to gather data. Director DelBono said he would like to agree on a timeline to have this working group formed and take the steps necessary to move toward a solution.

Ms. Rannells said Mr. Hodgkins mentioned when he had spoken to Directors that there had been a meeting with the Homeowners Associations and the City prior to the WETA Board meeting. She said staff would find out what was discussed and bring back information on this work at a future Board meeting. Chair Breckenridge said she wanted the engagement to continue on identifying solution sets for the problem. The other Directors agreed. Director DelBono reiterated that the issues in question and in order of priority were parking, shelter, and security at the Harbor Bay Terminal. Director DelBono asked if there was any security currently at the terminal and Ms. Rannells said WETA paid for security patrols at the terminal through the Harbor Bay Business Association. She said staff could do a

reassessment of that process to get clarity on how often and when the patrolling was happening. Chair Breckenridge added that the reported issue of the thefts and criminal activity at the terminal needed to be validated.

12. UPDATE OF HARBOR SEAL HAUL-OUT AND CALIFORNIA LEAST TERN HABITAT RESTORATION AS PART OF THE CENTRAL BAY OPERATIONS AND MAINTENANCE FACILITY PROJECT

Senior Planner Chad Mason presented this informational overview of WETA's work in Alameda to restore California Least Tern habitat and replace a Harbor Seal haul-out, both components of the planned Central Bay Operations and Maintenance Facility. Mr. Mason explained that to mitigate the disruption of the Least Tern foraging habitat restoration as required by the biological opinion on the facility impact, WETA procured 3,000 tons of Angel Island coarse sand, delivered it to the site, and spread it over five acres at a depth of 3 to 5 inches. Mr. Mason said there was only one source for the Angel Island sand and that source did not provide delivery so the pickup and delivery was coordinated with a trucking company. He said the spreading of the sand over the five acres had to be coordinated with a third company. Mr. Mason explained that close consultation and coordination with the U. S. Fish and Wildlife Service was in place throughout the project and they were actually on the ground to direct the spreading of the sand.

Mr. Mason said the California Least Tern was protected on the endangered species list and the colony in Alameda was part of the Alameda National Wildlife Reserve. Mr. Mason said the terns nest and roost in the sand in this area and the site required a continual replacement of the sand every few years because it regularly blows away. He added that this project was completed in March and the U.S. Fish and Wildlife service provided confirmation that WETA's obligation to the Terns had been fulfilled.

Mr. Mason said the former naval marina dock at the site was dilapidated and falling into the bay. He said it had been brought to the attention of WETA staff and the BCDC that there were Harbor seals who used the decaying dock for resting. Mr. Mason explained that WETA's plan to address the concerns of residents that the seals would lose this resting place with the construction of the new Central Bay Facility was to replace the decayed dock with a new 500 square foot haul-out for the seals. He noted that WETA had funded the study, design and construction of a replacement haul-out with the assistance of seal expert Dr. James T. Harvey from the Moss Landing Marine Laboratories. Mr. Mason said permitting was secured through the Army Corps of Engineers and the National Marine Fisheries Service with the help of a consultant familiar with these entities' processes. Mr. Mason said final construction would be underway in the next week and delivery of the haul-out was expected within the next six weeks. Upon delivery, he explained, the seals would be acclimated to the haul-out at an interim site before it was moved at least once, and possibly twice, before permanent placement. Mr. Mason said that once the haul-out was in place permanently, monitoring by the Seal Working Group would continue throughout the construction of the facility and thereafter to assure the haul-out remained effective for the seals.

Director Intintoli congratulated Mr. Mason on his tenacity in executing these two important projects. Vice Chair Wunderman asked what would happen if the seals did not like the haul-out. Mr. Mason said that as part of the MOU with the City of Alameda, the City will own the haul-out. He said WETA would be setting up the monitoring plan with BCDC and there were some longer term strategies for monitoring. He said his hope was that the seals will like the new haul-out and that instead of driving piles to support it, it was going to be anchored to allow easier movement if needed.

Chair Breckenridge said there had never been a clear path to resolution on the seal concerns because not a lot of these sorts of projects had been done. She thanked Mr. Mason and WETA's partners who worked on the project.

PUBLIC COMMENT

Harbor Seal Working Group member Mark Klein thanked WETA for trying its best to accommodate the seals instead of just disregarding them as so often happens with development projects. Mr. Klein said these seals had a following and there were a number of people who enjoyed seeing the seals in the harbor, much as tourists did when they saw the sea lions in San Francisco. He said there was a very good chance that the seals would like the new haul-out because the spot they hang out in is a great fishing spot for them and it is sheltered from the rougher bay by the breakwater. Mr. Klein said this was a bit of an experiment but it was certainly worth trying and he was grateful to WETA staff and the Directors for trying. Mr. Klein said there was an online database which was being incorporated into the BCDC monitoring program that tracked the seals in the group on a daily basis. He said he and his group would be happy to help with their monitoring.

Chair Breckenridge thanked Mr. Klein for his and his colleagues' partnership on the seal relocation efforts.

13. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS

PUBLIC COMMENT

President of Tideline Marine Group Nathan Nayman said he had come before the WETA Board on several occasions in the past and Directors were aware of Tideline's growth and expansion of services since inception. He said his company was poised to provide much needed transportation to San Francisco from Berkeley. He said Tideline had been waiting for nearly five months for the California Public Utilities Commission to act on their application to provide that service, despite there being no opposition and having received tremendous support from various entities and people in the Bay Area, including many in Berkeley. Mr. Nayman said his hope was that upon conclusion of the CPUC process, that WETA would see Tideline as a colleague that wished to forge a relationship with WETA. He said Tideline wanted to work as a partner with WETA to foster changes that would ease congestion of traffic and make commuting to work easier and more pleasant for people, and free up some of their time to spend with their families. Mr. Nayman said the Port of San Francisco had incorporated water taxis into their waterfront plan and Tideline Marine was an integral part of the water taxi community. He added that he hoped the City of Alameda would think similarly.

Mr. Nayman said Tideline now had three vessels with the ability to carry about 100 hundred passengers in support of a common vision shared by WETA, that of moving commuters on the water throughout the regional Bay Area. Mr. Nayman said he looked forward to working with WETA and that as Tideline continued to grow, also looked forward to a private public partnership as soon as possible because Tideline was ready for that right now on behalf of Bay Area commuters and in an effort to help WETA realize its vision. Mr. Nayman added that the Tideline vessels also carried bicycles.

PUBLIC COMMENT

Co-owner of Bay Ship & Yacht in Alameda and Board member of the Alameda Chamber of Commerce said she was very happy to have WETA in Alameda. She said she was excited about increasing tourism on the island and was keen on excellent shuttle service possibilities to be able to move people around once they arrived in Alameda on the ferries. Ms. Cameron said that Bay Ship & Yacht was involved in the Working Waterfront Cohort which recently partnered with the College of Alameda to create a new class for maritime painting. She said some of those graduates would be involved in painting the ferries. Ms. Cameron said she looked forward to collaborating with WETA in any way possible to strengthen its partnership with the City and generally increase WETA's engagement on the island.

Chair Breckenridge thanked everyone for their comments and attendance. She said attendance at the meeting was wonderful and the Directors had listened to everyone who spoke and they had heard every single word. She said the Board and staff wanted to be very serious partners, not just with City staff but

also with the community members. She said she very much appreciated the hospitality of the City, looked forward to a strong and continued partnership and the great challenges ahead.

14. ADJOURNMENT

All business having been concluded, the meeting was adjourned at 10:08 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Amendment to Agreement with the Association of Bay Area Governments for the Provision of Accounting Support Services

Recommendation

Approve Amendment No. 15 to the agreement with the Association of Bay Area Governments (ABAG) in the amount not-to-exceed \$140,000 for the provision of accounting support services for FY 2016/17 and authorize the Executive Director to execute the amendment.

Background

On March 22, 2001, the Water Transit Authority (WTA) Board approved an agreement with ABAG to manage its fiscal affairs in conformance with accepted state government accounting practices. This agreement transferred over to the Water Emergency Transportation Authority (WETA) upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work.

Discussion

The annual ABAG agreement is for fiscal services to process and pay invoices, keep WETA's accounting records, provide advice on financial accounting matters and provide for required independent financial audit work. Through this contract work, WETA receives the benefit of ABAG finance staff's knowledge of governmental accounting practices, access to their professional staff to help manage financial audits, use of ABAG's accounting software system and an independent review of invoices and check processing services. This arrangement provides an overall cost saving over what it would cost to directly hire accounting personnel and purchase, manage and maintain financial accounting software. It also allows WETA staff to focus our financial efforts on more specialized grant and financial planning work. In FY 2016/17, work will also include the services of independent auditor Maze & Associates to conduct WETA's annual fiscal audit for FY 2015/16.

ABAG has been a major partner in ensuring adequate internal control over WETA's financial reporting and has supported WETA's change in accounting processes as the agency transitioned from a planning agency to a transit operator. ABAG has also been highly responsive in assisting WETA in the successful implementation of new Governmental Accounting Standards Board (GASB) Pronouncements, such as GASB 45 in 2011 and GASB 68 in 2015.

The current amendment is set to expire on June 30, 2016. Staff recommends that the Board of Directors authorize a contract amendment for FY 2016/17 services in the not-to-exceed amount of \$140,000. All services received through this agreement will be provided on a cost reimbursable basis.

Fiscal Impact

Sufficient funds are included in the proposed FY 2016/17 Operating Budget to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2016-10

APPROVE AMENDMENT TO AGREEMENT WITH THE ASSOCIATION OF BAY AREA GOVERNMENTS FOR THE PROVISION OF ACCOUNTING SUPPORT SERVICES

WHEREAS, WETA is required to manage its fiscal affairs in conformance with accepted State government accounting practices; and

WHEREAS, on March 22, 2001, the San Francisco Bay Area Water Transit Authority Board entered into an agreement with the Association of Bay Area Governments (ABAG) for provision of financial and other support services as a cost-effective method to meet this obligation in the amount of \$75,000 for services through March 21, 2003; and

WHEREAS, the Board approved the following amendments to that agreement: Amendment No. 1 in the amount of \$85,000, Amendment No. 2 in the amount of \$65,000, Amendment No. 3 to in the amount of \$20,000, Amendment No. 4 in the amount of \$90,000, Amendment No. 5 in the amount of \$90,000, Amendment No. 6 in the amount of \$95,000, and

WHEREAS, this agreement was transferred to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) upon its creation on January 1, 2008; and

WHEREAS, WETA subsequently authorized Amendment No. 7 in the amount of \$95,000, Amendment No. 8 in the amount of \$90,000, Amendment No. 9 in the amount of \$95,000, Amendment No. 10 in the amount of \$100,000, Amendment No. 11 in the amount of \$100,000, Amendment No. 12 in the amount of \$120,000, Amendment No. 13 in the amount of \$110,000, Amendment No. 14 in the amount of \$127,000; and

WHEREAS, ABAG provides these services on a cost reimbursable basis and funding of these services is provided annually; and

WHEREAS, an extension and additional funding is required to maintain the services of the ABAG through FY 2016/17; now, therefore, be it

RESOLVED, the Board of Directors hereby approves an amendment in the amount not-to-exceed \$140,000 to the agreement with the Association of Bay Area Governments and extends the agreement to June 30, 2017; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

CERTIFICATION

The undersigned, 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 May 5, 2016.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2016-10
END

MEMORANDUM

TO: Board Members

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

SUBJECT: Overview of FY 2015/16 Financial Audit Scope and Process

Recommendation

There is no recommendation 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. WETA utilizes the services of Maze & Associates (Maze) to perform this independent audit through its ongoing agreement with the Association of Bay Area Governments (ABAG) for financial services.

Maze is scheduled to begin the initial field work associated with the audit of WETA's FY 2015/16 financial statements on June 20, 2016 and to issue the final audit reports no later than December 2016. 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



April 18, 2016

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, 2016. 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.

Accountancy Corporation
3478 Buskirk Avenue, Suite 215
Pleasant Hill, CA 94523

T 925.930.0902
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E maze@mazeassociates.com
W mazeassociates.com

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

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

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the 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*.

OMB Circular A-133 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 *OMB Circular A-133 Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the Organization's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to OMB Circular A-133.

Agreed-Upon Procedures

Our services to apply agreed-upon procedures will be conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants. The sufficiency of the procedures is solely the responsibility of those parties specified in the report. Consequently, we make no representation regarding the sufficiency of the procedures described in the report either for the purpose for which the report had been requested or for any other purpose. If, for any reason, we are unable to complete the procedures, we will describe any restrictions on the performance of the procedures in our report, or will not issue a report as a result of this engagement. Because agreed-upon procedures do not constitute an examination, we will not express an opinion. In addition, we have no obligation to perform any procedures beyond those agreed to.

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 OMB Circular A-133 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 OMB Circular A-133, it is management's responsibility to follow up and take corrective action on reported audit findings and to prepare a summary schedule of prior audit findings and a corrective action plan. The summary schedule of prior audit findings must be made available for our review.

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 OMB Circular A-133. 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 OMB Circular A-133; that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

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 June 2016 and to issue our reports no later than November 2016. 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: *Wendy Fannells*

Title: Executive Director

Date: April 19, 2016



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.

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

TO: Board Members

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

SUBJECT: Approve Fiscal Year 2016/17 Operating and Capital Budget

Recommendation

Approve the proposed Fiscal Year (FY) 2016/17 Operating and Capital Budget.

Background

Chapter 5, Article 4, Section 66540.41 of the San Francisco Bay Area Water Emergency Transportation Authority's (WETA) administrative code requires preparation and implementation of an annual budget to support the agency's operation. This item contains the proposed FY 2016/17 Operating and Capital Budget.

Discussion

The proposed combined FY 2016/17 Operating and Capital Budget contains \$136.0 million in spending proposals including \$36.3 million to support system operations and \$99.7 to support capital projects. The proposed budget is funded with a combination of \$41.9 million bridge tolls, \$38.9 million state funds, \$34.8 million federal funds and \$17.6 million passenger fares and \$2.8 million local funds available to support budgeted activities.

The primary focus of the budgeted work program is to support the planning, management and operation of WETA's planning and administration functions and the operation of WETA's four San Francisco Bay Ferry (SFBF) routes: Alameda/Oakland to San Francisco, Alameda/Oakland to South San Francisco, Harbor Bay to San Francisco and Vallejo to San Francisco. The budget also includes significant funds to support the construction and refurbishment of ferry vessels and core facilities needed to support regular and emergency response ferry service operations. The operating and capital components of the proposed budget are discussed in further detail below.

FY 2016/17 OPERATING BUDGET

The proposed FY 2016/17 Operating Budget, as provided in **Attachment A**, totals \$36.3 million and is funded with \$17.6 million fare revenues, \$18.3 million Regional Measure 2 bridge toll revenues and \$400,000 Alameda local funds. It is made up of two primary components including a \$33.3 million Ferry Service Operating budget and a \$3 million Planning and Administration budget, consistent with MTC's funding of WETA's separate operational and planning/administrative functions. The proposed FY 2016/17 Operating Budget reflects a \$2.1 million (6%) increase over the current year budget of \$34.2 million, in support of increased staffing and service requirements and general inflationary cost increases. A detailed budget for Ferry Service operation - by route - and for WETA's Planning and Administration unit is included in **Appendix 1** to this report.

Ferry Service Operating Budget - \$33.3 million

Operating Expense

The proposed budget includes \$33.3 million to support operation of WETA's San Francisco Bay Ferry (SFBF) services in FY 2016/17. This will include services on four routes, utilizing 12 vessels and carrying a projected 2.6 million passengers as summarized below:

Route	Proposed Budget		Projected Ridership	
	Total	% of Total	Total	% of Total
AOFS	\$9,778,500	29.4%	1,151,100	44.5%
AHBF	\$2,975,400	8.9%	318,000	12.3%
Vallejo	\$16,692,600	50.2%	988,500	38.2%
SSF	\$3,807,500	11.4%	128,400	5.0%
Total	\$33,254,000	100.0%	2,586,000	100.0%

SFBF services are operated on WETA's behalf by Blue and Gold Fleet (BGF), our contract operator.

Purchased Transportation (contract operations) and Fuel have historically accounted for between 80% and 85% of WETA's annual ferry service operating expense. The proposed FY 2016/17 Operating Budget includes \$21.1 million (63%) to support Purchased Transportation expenses and \$7.2 million (22%) for Fuel, representing a combined 85% of the proposed ferry service budget.

Purchased Transportation - Purchased Transportation includes such items as vessel crews, maintenance staff and supplies, ticket office operations, dispatch, operations management and support services and contractor profit, as provided by WETA's ferry service contract operator, Blue and Gold Fleet. In the case of Vallejo service, this also includes the cost of contract bus operations, as provided by SolTrans, for Route 200 complimentary bus service.

Purchased Transportation expense is budgeted to increase \$1.8 million (9%), from \$19.3 million to \$21.1 million, in FY 2016/17. This increase is largely the result of increased crewing required to support summer service schedules and training on the new vessels, as well as annual contractor cost of living labor rate increases. It also includes increased maintenance expense associated with the use of additional engineers to manage and perform routine maintenance on WETA's fleet of vessels and an added facility engineer to perform preventative maintenance, repair, and daily cleaning, monitoring and inspection of the new North Bay maintenance facility.

Fuel – Fuel expense is budgeted to decrease approximately 7%, from \$7.7 million to \$7.2 million, in FY 2016/17. Per gallon fuel prices have fluctuated over the past several years, ranging from as low as \$1.35 to \$3.50. The average price per gallon for fuel in FY 2014/15 was \$2.70 and the average price in the current fiscal year is estimated to be as low as \$2.00. Due to the volatility of fuel prices, an average price per gallon of \$3.00 is used in computing the proposed fuel budget in FY2016/17 Operating Budget. This represents a \$0.35 decrease from the per gallon rate of \$3.35 used in the FY 2015/16 budget.

Operating Revenue

Fare revenue is projected to make up 53% of the Ferry Service operating budget. Fares are budgeted to increase \$3.1 million in FY 2016/17 due to projected ridership growth on existing and expanded services and as the result of the 3% fare increase scheduled for July 1, consistent with the Board approved 5-year Fare Program. Regional Measure 2 Bridge Tolls and Alameda Transportation Sales Tax/Assessment funds will make up the balance of the required operating revenue required to support service operation in FY 2016/17

Planning and Administration Operating Budget - \$3 million

Operating Expense

The proposed budget includes \$3.0 million to support agency general planning and administrative expenses for staff wages and benefits, professional support services such as planning consultants, financial, legal and lobbying services, and other general items associated with WETA's planning and administration activities housed at Pier 9. This budget supports a staffing level of 15 full time positions, as identified in the Organizational Chart provided as **Appendix 2**, which includes two (2) new staff positions to support the delivery of the growing capital program of vessel and facility rehabilitation, replacement and expansion projects. This also provides for a 3% cost of living increase for WETA staff positions based upon the one-year (February 2015 to February 2016) change in the Consumer Price Index for the San Francisco Bay Area, consistent with prior years.

Agency planning efforts in FY 2016/17 are anticipated to focus on completing the agency's Strategic Plan and initiating follow-up activities such as service feasibility studies, completing the Alameda Terminal Access Study and identifying next steps, updating system ridership projections (including Mission Bay and Redwood City), and developing an integrated operations information database for monitoring service performance. Staff will also continue with recently expanded efforts to facilitate and participate in emergency response meetings, planning and exercises.

Operating Revenue

WETA's Planning and Administration budget is funded with \$3 million Regional Measure 2 funds established for and allocated annually by MTC for this specific purpose.

FY 2016/17 CAPITAL BUDGET

The proposed FY 2016/17 Capital Budget, as provided in **Attachment B**, includes 20 new and continuing projects necessary to maintain existing services and facilities and to further develop WETA's near-term expansion services. These projects total \$312.6 million with budgeted FY 2016/17 expenditures in the amount of \$99.7 million.

Major capital project activity and expense in FY 2016/17 will include the following:

- **Core Maintenance and Operations Facilities** - Construction of the North Bay Operations and Maintenance Facility will be substantially completed in Summer 2016 and construction on the Central Bay Operations and Maintenance facility will begin. The Central Bay facility is expected to be completed in Summer/Fall 2018.
- **San Francisco Berthing Expansion** - Bridging Design for the South Basin phase of this project will be completed and contracts for construction management services and construction will be awarded. Construction is anticipated to begin in early 2017.

- **Richmond Ferry Service** – Work to advance the design and construction the new Richmond ferry terminal will take place in FY 2016/17 in time to make the 2017 in-water work window. Construction of new passenger-only vessels to support operation of the service will also begin in FY 2016/17.

- **Vessel Replacement and Rehabilitation** – The FY 2016/17 capital program includes a number of vessel rehabilitation and replacement projects necessary to maintain WETA's fleet of existing vessels in a “state of good repair” and support our ability to deliver uninterrupted safe, reliable and efficient ferry transportation services. These projects include:
 - Construction of 3 new vessels to replace the *Encinal, Express II and Vallejo*;
 - Rehabilitation of major system components, including engine overhaul work, on the *Solano, Bay Breeze, Mare Island and Scorpio*;
 - Quarter life refurbishment of the *Gemini, Pisces and Taurus*, including work to expand the passenger capacity on the *Gemini and Pisces* to from 149 to 225
 - Overhaul the Selective Catalyst Reduction systems on the Gemini Class vessels;

- **Terminal Improvements and Capital Equipment** – The FY 2016/17 Capital program includes a number of smaller terminal and capital equipment purchase projects that will be implemented during the course of the year to support ongoing operations such as installation of bike lockers, passenger float fendering, and purchase of capital maintenance and communications equipment.

Capital Revenue

The proposed FY 2016/17 Capital Budget is funded with a variety of ferry transportation grant revenues made available to WETA for specific projects contained in the budget. FY 2016/17 capital expenditures will be funded with \$38.9 million State, \$34.8 million Federal, \$23.6 million Bridge Toll and \$2.4 million Local grant revenue sources.

Fiscal Impact

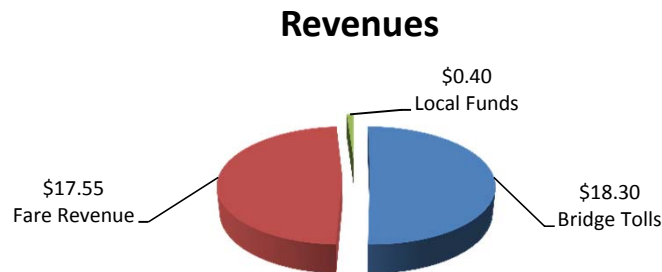
The proposed FY 2016/17 Operating and Capital Budget is \$136.0 million, including \$36.3 million in Operating and \$99.7 million in Capital. The proposed budget is fully funded through fare revenues and various federal, state and local grant funds available to support WETA's ferry services and capital projects.

END

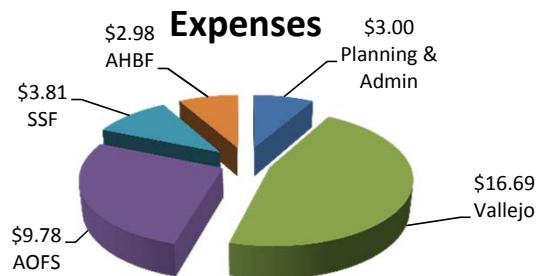
Attachment A

San Francisco Bay Area Water Emergency Transportation Authority FY 2016/17 Operating Budget - Proposed *(figures in millions)*

	Proposed FY 2016/17	Percentage (%) of Total
Revenues		
Bridge Tolls	\$18.30	50%
Fare Revenue:		
- Vallejo Ferry Service (Vallejo)	9.94	27%
- Alameda/Oakland Ferry Service (AOFS)	5.26	15%
- Alameda Harbor Bay Ferry Service (AHBF)	1.48	4%
- South San Francisco Ferry Service (SSF)	0.87	2%
Local Tax/Assessments/Other Revenue	0.40	1%
Total Revenues	\$36.25	100%



	Proposed FY 2016/17	Percentage (%) of Total
Expenses		
Planning and Administration	\$3.00	8%
Ferry Service:		
- Vallejo Ferry Service (Vallejo)	16.69	46%
- Alameda/Oakland Ferry Service (AOFS)	9.78	27%
- South San Francisco Ferry Service (SSF)	3.81	11%
- Alameda Harbor Bay Ferry Service (AHBF)	2.98	8%
Total Expenses	\$36.25	100%



**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
Summary**

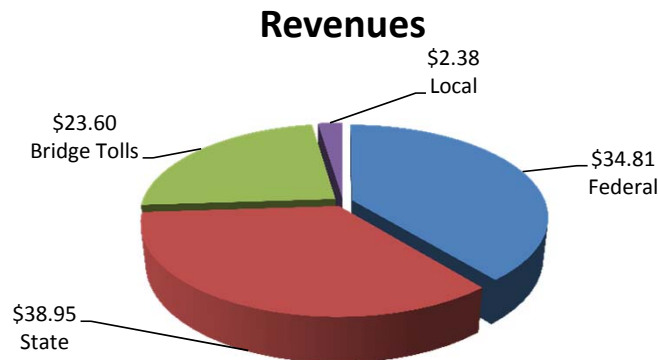
FY 2016/17 Operating Budget - Proposed			
	Planning & Administration	Ferry Services	Total
Revenues			
Fare Revenue	-	17,558,400	17,558,400
Local - Bridge Toll Revenue	3,000,000	15,300,000	18,300,000
Local - Alameda Property Tax/Assessments	-	395,600	395,600
Total Revenues	3,000,000	33,254,000	36,254,000
Expenses			
Salaries, Wages & Fringe Benefits	1,420,000	975,900	2,395,900
Professional / Contract Services	1,703,500	1,453,600	3,157,100
Purchased Transportation	-	21,095,200	21,095,200
- BGF: Vessel Expense - Crew	-	9,442,100	9,442,100
- BGF: Vessel Expense - Maintenance	-	6,659,700	6,659,700
- BGF: Vessel Maintenance Contingency	-	1,100,000	1,100,000
- BGF: Non-Vessel Expenses	-	821,200	821,200
- BGF: Fixed Fees and Profit	-	1,890,600	1,890,600
- SolTrans: Route 200 / Backup Buses		715,900	715,900
- BGF: Vallejo Ticket Office	-	465,700	465,700
Fuel - Diesel	-	7,179,900	7,179,900
- # of gallons		2,393,295	2,393,295
- Per gallon cost		\$3.00	\$3.00
Repair, Operating & Promotional Supplies	66,000	186,200	252,200
Utilities	27,000	153,800	180,800
Insurance	28,000	925,600	953,600
Dues, Subscriptions, Media & Other Expenses	229,000	182,900	411,900
Leases, Rentals and Docking Fees	323,000	304,400	627,400
Admin Overhead Expense Transfer	(796,500)	796,500	-
Total Expenses	3,000,000	33,254,000	36,254,000
# of Passengers	-	2,586,000	
Average Fare		\$6.79	
Farebox Recovery - Combined		53%	

Attachment B

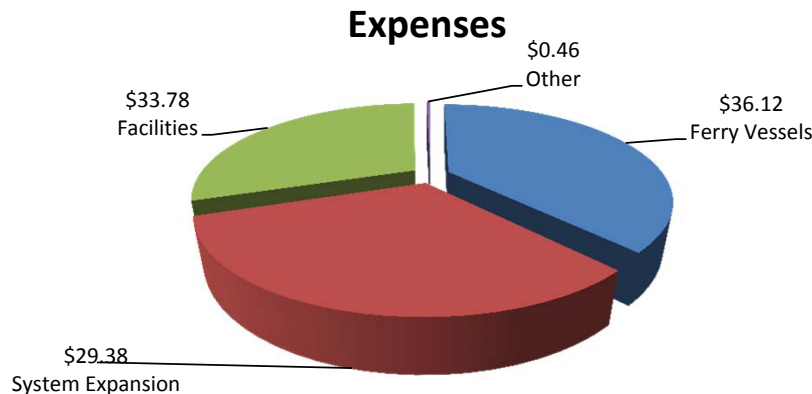
San Francisco Bay Area Water Emergency Transportation Authority FY 2016/17 Capital Budget - Proposed

(figures in millions)

	Total FY 2016/17	Percentage (%) of Total
Revenues		
State Funds	\$38.95	39.0%
Federal Funds	34.81	34.9%
Bridge Toll Revenues	23.60	23.7%
Local Funds	2.38	2.4%
Total Revenues	\$99.74	100.0%



	Total FY 2016/17	Percentage (%) of Total
Expenses		
System Expansion	\$29.38	29.5%
Ferry Vessels	36.12	36.2%
Facilities	33.78	33.9%
Capital Equipment/Other	0.46	0.5%
Total Expenses	\$99.74	100.0%



**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Capital Budget - Proposed**

	Total Project	Prior Year	FY 2016/17 Budget	Future Years
CAPITAL FUND SOURCES				
Federal Funds	63,154,383	14,057,054	34,807,063	18,290,265
State Funds	189,846,825	39,116,181	38,945,390	107,785,255
Bridge Toll Revenues	53,733,892	9,059,146	23,599,267	21,075,480
Local Funds	5,868,400	2,934,720	2,383,680	550,000
Total Capital Funding	312,603,500	65,167,100	99,735,400	147,701,000
CAPITAL EXPENDITURES				
FACILITIES:	100,753,500	34,858,700	33,782,800	32,112,000
Operations and Maintenance Facilities				
North Bay Operations & Maintenance Facility	31,082,000	29,554,000	1,528,000	-
Central Bay Operations & Maintenance Facility	69,500,000	5,258,000	32,130,000	32,112,000
Terminal Improvement				
Electronic Bicycle Lockers	79,500	46,700	32,800	-
Replace Passenger Float Fendering - East Bay Terminals *	92,000		92,000	-
FERRY VESSELS:	71,715,000	23,049,400	36,117,600	12,548,000
Major Component Rehab/Replacement				
Selective Catalyst Reduction (SCR) Overhauls - Gemini Class	1,400,000	200,000	1,200,000	-
Major Component Rehabilitation - Solano	430,000	-	430,000	-
Vessel Engine Overhaul - Bay Breeze *	650,000		650,000	-
Vessel Engine Overhaul - Scorpio *	625,000		625,000	-
Major Component & Waterjet Rehabilitation - Mare Island *	3,600,000		3,600,000	-
Vessel Quarter-Life/Mid-Life Refurbishment				
Vessel Qtr-Life Refurb and Pax Capacity Increase - Gemini	3,507,000	2,803,200	703,800	-
Vessel Qtr-Life Refurb and Pax Capacity Increase - Pisces *	4,100,000		4,100,000	-
Vessel Quarter-Life Refurbishment - Taurus *	2,400,000		2,400,000	-
Vessel Expansion/Replacement				
Vessel Replacement - Express II & Encinal	33,951,000	19,963,000	13,988,000	-
Vessel Replacement - M/V Vallejo	21,052,000	83,200	8,420,800	12,548,000
CAPITAL EQUIPMENT/OTHER:	555,000	-	455,000	100,000
Purchase Heavy Duty Forklift **	105,000	-	105,000	-
Purchase Utility Vehicles **	50,000	-	50,000	-
CCTV and LCD Network Integration *	400,000	-	300,000	100,000
SYSTEM EXPANSION:	139,580,000	7,259,000	29,380,000	102,941,000
Terminal/Berthing Expansion Construction				
S.F. Berthing Expansion - South Basin	79,580,000	5,849,000	8,000,000	65,731,000
Richmond Ferry Terminal **	18,000,000	1,287,000	4,500,000	12,213,000
Expansion Ferry Vessels				
Richmond Ferry Vessels - 2	42,000,000	123,000	16,880,000	24,997,000
Total Capital Expenditures	312,603,500	65,167,100	99,735,400	147,701,000

* Denotes new project or phase

** Denotes revised project scope and budget

FY 2016/17 Capital Project Detail

FACILITIES:

Operations and Maintenance Facilities

North Bay Operations and Maintenance Facility

This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in two phases. The landside phase includes site preparation and construction of a new fuel storage and delivery system along with warehouse and maintenance space. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities. Landside construction was substantially completed by West Bay Builders in June 2015. A design-build contract for the waterside construction phase was awarded to Dutra Construction in July 2014. Waterside construction is underway and is expected to be completed by June 2016. Final project close out is expected by Summer/Fall 2016.

Central Bay Operations and Maintenance Facility

This project supports the development of a Central Bay operations and maintenance facility at Alameda Point to support existing East Bay services as well as future expansion services. This facility would support light maintenance, mooring, basic fueling, dispatch and operations, and will also house an emergency operations center. This facility will provide access to a 7-day supply of fuel. The Request for Proposal (RFP) for construction was released in December 2015 and WETA Board of Directors approved the contract award in April 2016. The construction of the facility is anticipated to take 24 months, completing in Summer 2018.

Terminal Improvements

Electronic Bicycle Lockers

This project will purchase and install 20 bicycle lockers at the Alameda Main Street and Vallejo ferry terminals. Providing the additional bicycle lockers proposed by this project will alleviate the shortage of secure bicycle parking at each terminal and enhance the ability of ferry passengers to access regional ferry services via non-driving modes. The installation of 12 new bicycle lockers at the Alameda Main Street ferry terminal was completed in March 2016. The 8 new bicycle lockers for the Vallejo ferry terminal will be installed in FY2016/17.

Replace Passenger Float Fenders – East Bay Ferry Terminals

This project will replace rubber fenders on the passenger floats at the Alameda Main Street, Alameda Harbor Bay, and Oakland Clay Street ferry terminals. Rubber fender materials are used on each of the floats to prevent damages to vessels and berthing structures. The new fenders will also reduce motions that can cause passenger injuries due to hard stops when mooring the ferry.

FERRY VESSELS:

Major Component Rehab/Replacement

Selective Catalyst Reduction (SCR) System Overhaul – Gemini Class Vessels

SCR systems were installed on each of the four Gemini class vessels during vessel construction. This technology reduces diesel emissions, primarily NOx and particulate matters. Over time, the systems have degraded and are less effective. This project will ensure functionality and the proper operations of the SCR systems. Without this work, back pressure on the vessel main engines can increase wear and result in need for premature overhaul of associated equipment.

Major Component Rehabilitation – Solano

This project will replace major vessel subcomponents including main engine outboard bearings, associated shafting, bridge wing waterjet control panels, HVAC condenser unit, and an upgrade to the fire alarm communication panel. This project will also upgrade passenger cabin lighting to LED fixtures, replace vinyl flooring, and install new vertical bicycle storage systems. The improved main engine outboard bearing and shafting arrangement will decrease maintenance efforts and reduce lubricating oil consumption over the remaining life of the vessel.

Vessel Engine Overhaul – Bay Breeze

The project will support the Bay Breeze's 7,000 hour engine overhaul. The manufacturer of the main engines provides overhaul service intervals. The required work removes the engines from the vessel and replaces internal sub-components. This engine work is necessary to achieve full useful life of the vessel.

Vessel Engine Overhaul – Scorpio

The project will support the Scorpio's 10,000 hour engine overhaul. The manufacturer of the main engines provides overhaul service intervals. The required work removes the engines from the vessel and replaces internal sub-components. This engine work is necessary to achieve full useful life of the vessel.

Major Component & Waterjet Rehabilitation – Mare Island

This project will replace major vessel subcomponents including main engine outboard bearings, associated shafting, HVAC condenser unit, and an upgrade to the fire alarm communication panel. Passenger cabin will be upgraded to LED fixtures, vinyl flooring will be replaced, and new vertical bicycle storage systems will be installed. This project will also replace the existing waterjet internals with new generation impellers, hubs, and stators. Improvement in waterjet efficiency is expected to result in a 2% reduction in overall fuel consumption. The improved main engine outboard bearing and shafting arrangement will decrease maintenance efforts and reduce lubricating oil consumption over the remaining life of the vessel. The new waterjet design will also result in less maintenance over the remaining life of the asset.

Vessel Quarter-Life / Mid-Life Refurbishment

Vessel Quarter-Life Refurbishment and Passenger Capacity Increase – Gemini

This project provides for a general refurbishment of the Gemini and will include the following scope of work: refurbish shafts, propellers, rudders and replace bearings, replace and re-upholster 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. WETA Board of Directors approved the contract award to Marine Group Boat Works and the vessel was successfully delivered to the Marine Group yard in San Diego on February 2016. Work on the Gemini continues and is expected to be completed in early Summer 2016.

Vessel Quarter-Life Refurbishment and Passenger Capacity Increase – Pisces

The scope of work for this project includes Pisces' 10,000 hour engine overhaul. It also includes major dry-dock, refurbishment of passenger cabin, shafts, propeller and rudders, replacement of bearings and carpets, replace and/or re-upholster seats, renew deck coatings and interior finishes, and overhaul HVAC, electrical, plumbing, emission, fire and lifesaving safety systems. Additionally, this project will increase passenger capacity from 149 to 225.

Vessel Quarter-Life Refurbishment – Taurus

The scope of work for this project includes major dry-dock, passenger cabin and seating rehabilitation, and running gear and HVAC overhaul. This project is necessary to achieve full useful life of the asset.

Vessel Replacement

Replacements Vessels – Express II & Encinal

This project will design and construct two replacement vessels in place of the Harbor Bay Express II and the Encinal ferry vessels, transferred to the WETA by City of Alameda, and used to support the Alameda ferry services. The Request for Proposal (RFP) for construction of the vessels was released in September 2014 and the contract was awarded to Vigor Kovichak LLC in April 2015. The construction of the vessels is underway. The first vessel is expected to be completed in December 2016 follow by the second in April 2017.

Vessel Replacement – MV Vallejo

This project will design and construct a replacement vessel for the M/V Vallejo, currently utilized in service between the City of Vallejo and San Francisco. In December 2015, WETA Board of Directors approved the contract award to Fast Ferry Management, Inc. for vessel construction management services. The Request for Proposal for vessel construction was released in March 2016 and award is anticipated in early FY 2016/17.

CAPITAL EQUIPMENT/OTHER:

Heavy Duty Forklift

This project will purchase a 15,500-pound rated capacity heavy duty forklift to facilitate ferry maintenance at the operations and maintenance facilities. The project budget has been decreased to reflect the most recent cost estimate.

Utility Vehicles

This project will purchase two dock utility electric carts, with one matching trailer. These carts will be used by both the engineering staff and boat crews to haul materials, equipment, trash, recyclables, ship stores, consumables, tools, spare parts, and other items from the warehouse and shop spaces to/from the ferry vessels. The carts and trailers will be rated to approximately 1,000-pound payload each. The project budget has been increased to reflect the most recent cost estimate.

CCTV and LCD Network Integration

This project will provide for the development of a unified network of CCTVs to monitor vessels and East Bay terminal locations and digital signage (LCDs) for the dissemination of customer service information. This project will expand WETA's security monitoring capability, improve customer communications and address the requirements for communicating with hearing or visually impaired customers.

SYSTEM EXPANSION:

Terminal/Berthing Expansion Construction

S.F. Berthing Expansion – South Basin

This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal to ensure that adequate facilities are available in downtown San Francisco to accommodate current and future planned ferry services and support emergency response. The project includes the construction of up to two new ferry berths south of the Ferry Building, installation of amenities such as weather-protected areas for queuing, improvements to pedestrian circulation and covering of current “lagoon” area. Preliminary (30%) design and engineering has been prepared for the project and reviewed by a Peer Review Panel as required by the Port of San Francisco. Staff anticipates construction to begin in early 2017.

Richmond Ferry Terminal

The project budget has been increased from \$17.1 million to \$18.0 million to reflect the most current project cost estimate. The Richmond Ferry Service will provide an alternative transportation link between Richmond and downtown San Francisco. WETA Board of Directors approved the release of a Request for Proposal (RFP) for construction management services in December 2015. Construction management services will assist staff by providing oversight and support during the pre-construction project development, project construction, and project closeout phases. The RFP construction is planned for release in Winter 2016. Staff anticipates construction of the ferry terminal to begin in Summer 2017 and completion in early 2018.

Expansion Ferry Vessels

Richmond Ferry Vessels - 2

This project will design and construct two 400 passenger-only vessels to add to WETA's North Bay fleet to be operated in the new Richmond to San Francisco ferry service. In December 2015, WETA Board of Directors approved the contract award to Fast Ferry Management, Inc. for vessel construction management services. The Request for Proposal for vessel construction was released in March 2016 and award is anticipated in early FY 2016/17.

Appendix 1

San Francisco Bay Area Water Emergency Transportation Authority FY 2016/17 Ferry Service Operating Budget - Proposed Summary

	Alameda/ Oakland	Alameda Harbor Bay	Vallejo	South San Francisco	FY 2016/17 Proposed Budget Total
Revenues					
Fare Revenue	5,260,500	1,481,900	9,944,200	871,800	17,558,400
Local - Bridge Toll Revenue	4,518,000	1,097,900	6,748,400	2,935,700	15,300,000
Local - Alameda Tax/Assessment	-	395,600	-	-	395,600
Total Revenues	9,778,500	2,975,400	16,692,600	3,807,500	33,254,000
Expenses					
Salaries, Wages & Fringe Benefits	429,200	129,800	345,900	71,000	975,900
Professional / Contract Services	541,100	189,400	577,300	145,800	1,453,600
Purchased Transportation	6,284,400	1,856,900	10,316,900	2,637,000	21,095,200
- BGF: Vessel Expense - Crew	3,244,100	948,400	3,887,700	1,361,900	9,442,100
- BGF: Vessel Expense - Maintenance	1,691,300	549,300	3,628,600	790,500	6,659,700
- BGF: Vessel Maintenance Contingency	350,000	150,000	400,000	200,000	1,100,000
- BGF: Non-Vessel Expenses	345,300	13,300	455,300	7,300	821,200
- BGF: Fixed Fees and Profit	653,700	195,900	763,700	277,300	1,890,600
- SolTrans: Route 200 / Backup Buses	-	-	715,900	-	715,900
- BGF: Vallejo Ticket Office	-	-	465,700	-	465,700
Fuel - Diesel	1,628,400	452,100	4,523,100	576,300	7,179,900
- # of gallons	542,800	150,700	1,507,705	192,090	2,393,295
- Per gallon cost	\$3.00	\$3.00	\$3.00	\$3.00	\$3.00
Repair, Operating & Promo Supplies	45,900	19,900	101,000	19,400	186,200
Utilities	16,800	10,100	105,900	21,000	153,800
Insurance	360,600	156,600	171,900	236,500	925,600
Advertising Media & Other Expenses	60,400	27,100	63,400	32,000	182,900
Leases, Rentals and Docking Fees	73,700	30,500	187,700	12,500	304,400
Admin Overhead Expense Transfer	338,000	103,000	299,500	56,000	796,500
Total Expenses	9,778,500	2,975,400	16,692,600	3,807,500	33,254,000
# of Passengers	1,151,100	318,000	988,500	128,400	2,586,000
Average Fare	\$4.57	\$4.66	\$10.06	\$6.79	\$6.79
Farebox Recovery	54%	50%	60%	23%	53%

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
Alameda Oakland Ferry Service (AOFS)**

	FY 2014/15	FY 2015/16	FY 2015/16	FY 2016/17
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	4,167,500	4,452,000	4,863,300	5,260,500
Local - Bridge Toll Revenue	3,279,900	4,414,400	2,991,100	4,518,000
Other Revenue	1,200	-	50,500	-
Total Revenues	7,448,600	8,866,400	7,904,900	9,778,500
Expenses				
Salaries, Wages & Fringe Benefits	154,500	266,600	281,400	429,200
Professional / Contract Services	286,500	472,900	464,400	541,100
Purchased Transportation	5,379,900	5,875,000	5,591,200	6,284,400
- BGF: Vessel Expense - Crew	2,883,600	3,141,250	3,315,100	3,244,100
- BGF: Vessel Expense - Maintenance	1,593,100	1,537,500	1,365,000	1,691,300
- BGF: Vessel Maintenance Contingency	-	350,000	-	350,000
- BGF: Non-Vessel Expenses	334,500	260,100	325,000	345,300
- BGF: Fixed Fees and Profit	568,700	586,100	586,100	653,700
Fuel - Diesel	1,183,800	1,578,000	957,300	1,628,400
- # of gallons	438,171	471,125	493,433	542,800
- Per gallon cost	\$2.70	\$3.35	\$1.94	\$3.00
Operating & Promotional Supplies	34,600	54,300	41,200	45,900
Utilities	12,600	13,200	16,200	16,800
Insurance	151,600	219,400	203,200	360,600
Advertising Media & Other Expenses	39,900	87,000	52,000	60,400
Leases, Rentals and Docking Fees	67,300	81,000	70,100	73,700
Admin Overhead Expense Transfer	137,900	219,000	227,900	338,000
Total Expenses	7,448,600	8,866,400	7,904,900	9,778,500
Percent Change (from prior year's Budget)				10.29%
# of Passengers	911,473	937,200	1,096,325	1,151,100
Average Fare	\$4.57	\$4.75	\$4.44	\$4.57
Farebox Recovery	56%	50%	62%	54%

Assumptions & Budget Changes:

- ▶ Assumes ridership growth of 5% and average fare increase of 3%, consistent with the 5-year Fare Program.
- ▶ Salaries, Wages & Fringe Benefits - reflects WETA's operations/administrative staff time spent on service.
- ▶ Professional/Contract Services - includes an additional \$135,000 for terminal repairs and maintenance.
- ▶ Crew - includes additional crew hours to support enhanced Summer schedule and training on the new vessels.
- ▶ Vessel Maintenance - includes an additional 1,000 (20%) mechanic hours and a dedicated vessel and facilities maintenance manager.
- ▶ Fuel - assumes \$3.00 per gallon average fuel cost.
- ▶ Insurance - includes partial year coverage for the two new replacement vessels. It also includes a higher premium for Liability and Property insurance premiums due to higher re-assessed terminal infrastructure values.
- ▶ An indirect cost rate of 79% is used to allocate Admin Overhead Expense.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
Alameda Harbor Bay Ferry Service (AHBF)**

	FY 2014/15	FY 2015/16	FY 2015/16	FY 2016/17
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	1,175,300	1,186,700	1,369,300	1,481,900
Local - Bridge Toll Revenue	1,130,900	1,114,450	1,022,400	1,097,900
Local - Alameda Tax/Assessment		568,550	-	395,600
Total Revenues	2,306,200	2,869,700	2,391,700	2,975,400
Expenses				
Salaries, Wages & Fringe Benefits	80,800	100,400	85,400	129,800
Professional / Contract Services	167,800	182,300	195,900	189,400
Purchased Transportation	1,462,800	1,827,300	1,573,600	1,856,900
- BGF: Vessel Expense - Crew	927,700	981,100	983,300	948,400
- BGF: Vessel Expense - Maintenance	339,000	493,100	401,400	549,300
- BGF: Vessel Maintenance Contingency	-	150,000	-	150,000
- BGF: Non-Vessel Expenses	24,300	26,000	11,800	13,300
- BGF: Fixed Fees and Profit	171,800	177,100	177,100	195,900
Fuel - Diesel	365,000	461,000	285,900	452,100
- # of gallons	137,231	137,600	150,676	150,700
- Per gallon cost	\$2.66	\$3.35	\$1.90	\$3.00
Operating & Promotional Supplies	5,800	11,000	11,400	19,900
Utilities	7,600	8,200	9,700	10,100
Insurance	98,700	131,600	108,100	156,600
Advertising Media & Other Expenses	15,600	35,800	23,000	27,100
Leases, Rentals and Docking Fees	30,200	30,100	29,600	30,500
Admin Overhead Expense Transfer	71,900	82,000	69,100	103,000
Total Expenses	2,306,200	2,869,700	2,391,700	2,975,400
Percent Change (from prior year's Budget)				3.68%
# of Passengers	266,304	263,700	302,940	318,000
Average Fare	\$4.41	\$4.50	\$4.52	\$4.66
Farebox Recovery	51%	41%	57%	50%

Assumptions & Budget Changes:

- ▶ Assumes ridership growth of 5% and average fare increase of 3%, consistent with the 5-year Fare Program.
- ▶ Salaries, Wages & Fringe Benefits - reflects WETA's operations/administrative staff time spent on service.
- ▶ Vessel Maintenance - includes an additional 300 mechanic hours.
- ▶ Fuel - assumes \$3.00 per gallon average fuel cost.
- ▶ Insurance - includes a 10% increase for Vessel insurance and assumes a higher premium for Liability and Property insurance premiums due to higher re-assessed terminal infrastructure values.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
Vallejo Ferry Service (Vallejo)**

	FY 2014/15	FY 2015/16	FY 2015/16	FY 2016/17
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	7,880,900	8,156,300	9,190,700	9,944,200
Local - Bridge Toll Revenue	5,511,900	7,709,150	4,032,800	6,748,400
Other Revenue	-	-	91,800	-
Total Revenues	13,392,800	15,865,450	13,315,300	16,692,600
Expenses				
Salaries, Wages & Fringe Benefits	69,900	110,100	228,900	345,900
Professional / Contract Services	443,000	639,800	545,500	577,300
Purchased Transportation	8,539,200	9,245,570	8,829,000	10,316,900
- BGF: Vessel Expense - Crew	3,310,300	3,578,630	3,471,800	3,887,700
- BGF: Vessel Expense - Maintenance	3,798,100	3,464,100	3,197,900	3,628,600
- BGF: Vessel Maintenance Contingency	-	400,000	-	400,000
- BGF: Non-Vessel Expenses	217,800	202,000	441,300	455,300
- BGF: Fixed Fees and Profit	675,900	696,500	730,300	763,700
- SolTrans: Route 200 / Backup Buses	415,500	562,540	540,300	715,900
- BGF: Vallejo Ticket Office	121,600	341,800	447,400	465,700
Fuel - Diesel	3,814,600	5,050,820	2,956,200	4,523,100
- # of gallons	1,427,531	1,507,705	1,467,770	1,507,705
- Per gallon cost	\$2.67	\$3.35	\$2.01	\$3.00
Repair, Operating and Promo Supplies	93,700	107,760	94,500	101,000
Utilities	55,800	122,100	91,100	105,900
Insurance	57,800	180,000	121,700	171,900
Advertising Media & Other Expenses	39,900	89,600	57,600	63,400
Leases, Rentals and Docking Fees	216,600	229,700	205,300	187,700
Admin Overhead Expense Transfer	62,300	90,000	185,500	299,500
Total Expenses	13,392,800	15,865,450	13,315,300	16,692,600
Percent Change (from prior year's Budget)				5.21%
# of Passengers	858,665	863,100	941,407	988,500
Average Fare	\$9.18	\$9.45	\$9.76	\$10.06
Farebox Recovery	59%	51%	69%	60%

Assumptions & Budget Changes:

- ▶ Assumes ridership growth of 5% and average fare increase of 3%, consistent with the 5-year Fare Program.
- ▶ Salaries, Wages & Fringe Benefits - reflects WETA's operations/administrative staff time spent on service.
- ▶ Crew - includes an additional 7,300 hours to support the enhanced Summer schedule.
- ▶ Vessel Maintenance - includes an additional 1.5 full time equivalent (FTE) engineers, approximately 2,900 hours, to support vessel and related facility maintenance and management.
- ▶ SolTrans Route 200/Backup Buses - assumes an additional 482 hours of service to address ridership demand.
- ▶ Vallejo Ticket Office - includes an increase from 4.5 FTE to 6 FTE and a 4% billing rate increase.
- ▶ Fuel - assumes \$3.00 per gallon average fuel cost.
- ▶ An indirect cost rate of 79% is used to allocate Admin Overhead Expense.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
South San Francisco Ferry Service (SSF)**

	FY 2014/15	FY 2015/16	FY 2015/16	FY 2016/17
	Actual	Budget	Estimated Actual	Proposed Budget
Revenues				
Fare Revenue	701,200	712,900	805,900	871,800
Local - Bridge Toll Revenue	2,696,100	2,887,200	2,219,100	2,935,700
Other Revenue	-	-	-	-
Total Revenues	3,397,300	3,600,100	3,025,000	3,807,500
Expenses				
Salaries, Wages & Fringe Benefits	95,300	122,400	45,100	71,000
Professional / Contract Services	104,000	143,300	130,500	145,800
Purchased Transportation	2,383,400	2,317,900	2,185,900	2,637,000
- BGF: Vessel Expense - Crew	1,199,400	1,218,100	1,208,600	1,361,900
- BGF: Vessel Expense - Maintenance	918,900	626,400	704,800	790,500
- BGF: Vessel Maintenance Contingency	-	200,000	-	200,000
- BGF: Non-Vessel Expenses	7,400	7,900	6,900	7,300
- BGF: Fixed Fees and Profit	257,700	265,500	265,600	277,300
Fuel - Diesel	498,200	632,500	364,800	576,300
- # of gallons	186,022	188,800	192,085	192,090
- Per gallon cost	\$2.68	\$3.35	\$1.90	\$3.00
Operating & Promotional Supplies	6,500	9,200	17,500	19,400
Utilities	17,100	22,000	20,200	21,000
Insurance	176,500	203,900	186,700	236,500
Advertising Media & Other Expenses	21,500	36,300	25,600	32,000
Leases, Rentals and Docking Fees	9,800	12,600	12,100	12,500
Admin Overhead Expense Transfer	85,000	100,000	36,600	56,000
Total Expenses	3,397,300	3,600,100	3,025,000	3,807,500
Percent Change (from prior year's Budget)				5.76%
# of Passengers	107,389	107,200	122,289	128,400
Average Fare	\$6.53	\$6.65	\$6.59	\$6.79
Farebox Recovery	21%	20%	27%	23%

Assumptions & Budget Changes:

- ▶ Assumes ridership growth of 5% and average fare increase of 3%, consistent with the 5-year Fare Program.
- ▶ Salaries, Wages & Fringe Benefits - reflects WETA's operations/administrative staff time spent on service.
- ▶ Professional/Contract Services - includes \$10,000 to upgrade and replace security equipment and a projected \$5,000 increase for WETA's share of the SSF ferry shuttle bus expenses.
- ▶ Crew - assumes an additional 3,000 crew hours due to the loss of an interlining opportunity with BGF private service crews. However, this will allow more flexibility to interline with other WETA services when needed.
- ▶ Vessel Maintenance - includes an additional 600 (20%) mechanic hours.
- ▶ Fuel - assumes \$3.00 per gallon average fuel cost.
- ▶ Insurance - includes a 10% increase for Vessel insurance and assumes a higher premium for Liability and Property insurance premiums due to higher re-assessed terminal infrastructure values.

**San Francisco Bay Area Water Emergency
Transportation Authority
FY 2016/17 Operating Budget - Proposed
Planning & Administration**

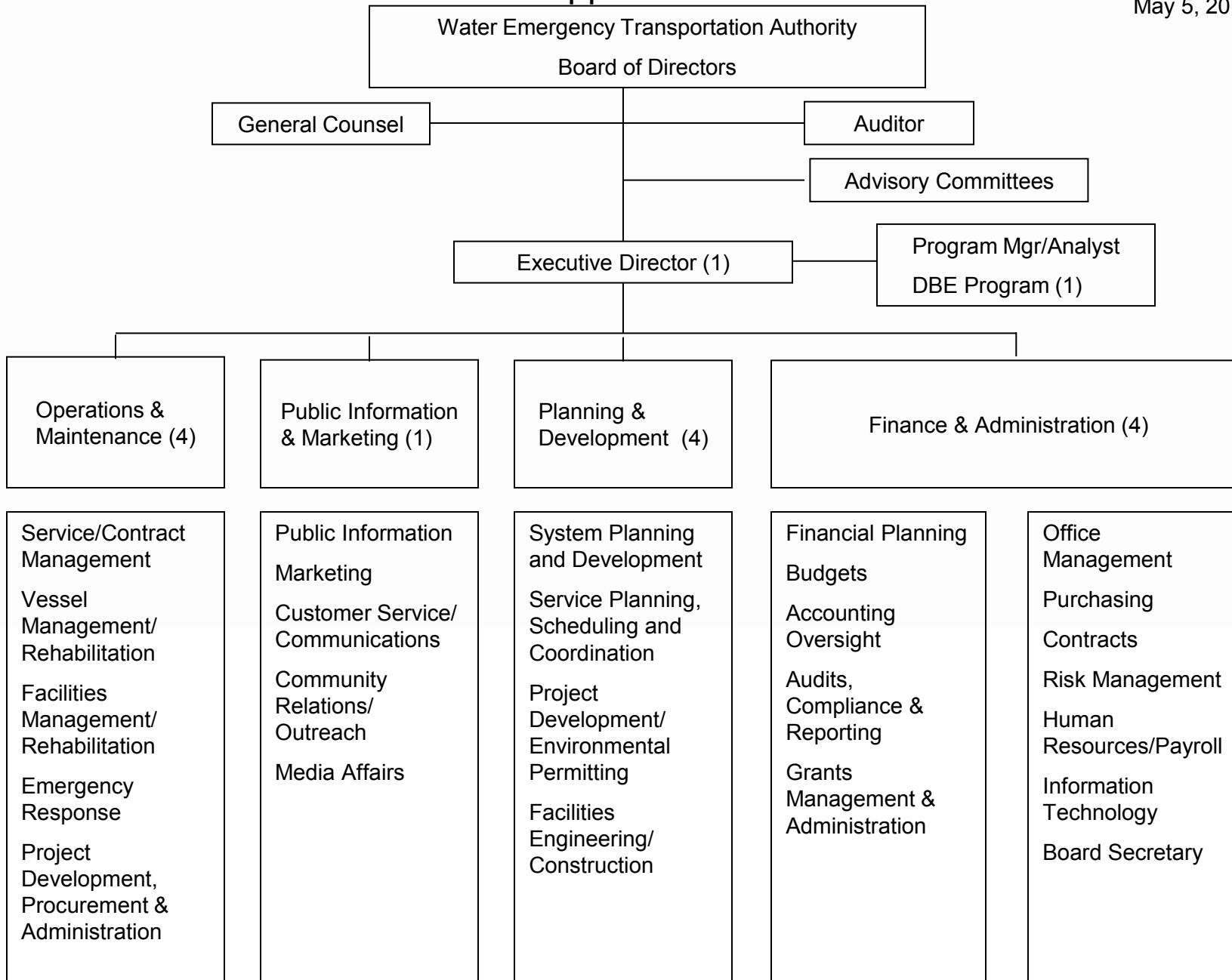
	FY 2014/15	FY 2015/16	FY 2015/16 Estimated	FY 2016/17 Proposed
	Actual	Budget	Actual	Budget
Revenues				
Local - Bridge Toll Revenue	2,763,907	3,000,000	2,784,200	3,000,000
Total Revenues	2,763,907	3,000,000	2,784,200	3,000,000
Expenses				
Salaries, Wages & Fringe Benefits	1,729,316	1,508,000	1,616,700	1,420,000
- Salaries & Wages	1,165,411	1,455,000	1,315,100	1,741,000
- Fringe Benefits	1,296,709	998,000	1,176,900	1,143,000
- Less Direct Charges to Services & Capital	(732,804)	(945,000)	(875,300)	(1,464,000)
Professional / Contract Services	956,225	1,488,000	1,232,900	1,703,500
- Management Svcs	368,668	521,000	585,200	520,000
- Advertising Fees	33,769	66,000	66,000	123,000
- Professional & Technical Svcs	504,444	827,000	534,900	977,500
- Other Services	49,344	74,000	46,800	83,000
Operating & Promotional Supplies	24,302	28,000	22,600	66,000
Utilities	14,089	23,000	19,300	27,000
Insurance	38,983	23,000	-	28,000
Dues, Subscriptions & Other Expenses	75,205	120,000	112,900	229,000
Leases, Rentals and Docking Fees	282,850	301,000	298,900	323,000
Subtotal Expenses	3,120,970	3,491,000	3,303,300	3,796,500
Overhead Expense Transfers				
Alameda/Oakland Service	(137,909)	(219,000)	(227,900)	(338,000)
Alameda Harbor Bay Service	(71,886)	(82,000)	(69,100)	(103,000)
South San Francisco Service	(85,016)	(100,000)	(36,600)	(56,000)
Vallejo Service	(62,252)	(90,000)	(185,500)	(299,500)
Subtotal Expense Transfers	(357,063)	(491,000)	(519,100)	(796,500)
Total Expenses	2,763,907	3,000,000	2,784,200	3,000,000

Assumptions & Budget Changes:

- ▶ Includes a 3% cost of living increase based on the one-year (February 2015 to February 2016) change in the Consumer Price Index for the San Francisco Bay Area.
- ▶ Assumes increasing staffing level to 15 full-time positions, from the current 13 to support system management and capital program management and delivery.
- ▶ Includes Employer Public Employee Retirement System (PERS) contribution of 10.07% and Other Post Employment Benefits (OPEB) contribution of 4.8%.

Appendix 2

May 5, 2016



MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Keith Stahnke, Manager, Operations
Melanie Jann, Manager, Administration & Business Services

SUBJECT: Approve Contract Award for Insurance and Brokerage Services to Alliant Insurance Services

Recommendation

Approve award of a contract to Alliant Insurance Services (Alliant) for insurance and brokerage services for an initial term of three years, with the option to extend this agreement for up to three two-year terms, and authorize the Executive Director to negotiate and execute an agreement for these services and policies at an estimated amount of \$297,000 for FY 2016/17.

Background

WETA currently holds policies for liability which includes commercial, marine and terminal operators liability, wharfing, and hired and non-owned automobile liability; public official's and employment practices liability; and property insurance including docks, pilings and ramps. These insurance coverages which are set to expire on July 1, 2016 have been provided through Alliant Insurance Services and Wells Fargo Insurance Service as a result of a competitive process completed in April 2010.

Discussion

In December 2015, the Board authorized staff to issue an RFP for insurance and brokerage services. The scope of services identified in the RFP included:

- Act as an independent insurance advisor to the WETA and proactively provide ongoing unbiased professional advice and recommendations that benefit the WETA;
- Identify insurance requirements and appropriate levels of coverage;
- Prepare insurance specifications consistent with exposures to loss presented by the activities contemplated;
- Review agency contracts for adequacy and compliance with requested coverage and provide feedback as needed regarding management of risks;
- Proactively provide ongoing review and analysis of the WETA's insurance programs;
- Monitor insurance documents from contractors; and
- Provide general risk management advice.

In January 2016, staff issued and distributed an RFP for this work to over 1,200 individuals and firms on WETA's non-technical professional services consultant and DBE business outreach list through e-mail. WETA further solicited interest through notices on WETA's website consistent with the WETA's Administrative Code.

WETA received three proposals in response to the RFP. The proposals were reviewed by an evaluation panel that included WETA staff and the Director of Risk Management/Safety from the Golden Gate Bridge, Highway and Transportation District. The review panel invited all of the proposing firms to provide additional information regarding their qualifications through oral

interviews. These firms included Alliant Insurance Services (Alliant), MCM Benefits and Insurance Services (MCM), and Wells Fargo Insurance Services USA, Inc (Wells Fargo). Interviews were held on April 27, 2016.

Brokerage Firm	Score
Alliant Insurance Services	94
MCM Benefits and Insurance Services	69
Wells Fargo Insurance Services	84

Selection criteria for award as established within the RFP included the following:

- ❖ **Team Qualifications & Experience** –Team leader and team experience on relevant public sector projects; quality and depth of support personnel;
- ❖ **Project Understanding & Proposed Approach** - Demonstration of a clear understanding of the project scope as expressed in the written proposals and oral interviews and the firm’s proposed partnership approach for managing project tasks;
- ❖ **References** - Satisfaction of current clients with regard to customer service and support, responsiveness, and fees;
- ❖ **Market Knowledge and Relationships** – Access to multiple sources and markets in a manner that benefits clients and suits client’s needs and budget;
- ❖ **Problem Solving** – Ability to handle issues, challenges, and conflicts that may arise in a constructive manner; and
- ❖ **Communication Skills** – Ability to communicate clearly and effectively.

Based upon the information submitted, supplemental interviews, and satisfactory references, the review panel recommends selecting Alliant Insurance Services (Alliant) to serve as WETA’s insurance broker and to provide various insurance services as needed under an initial three year contract with three two-year options to renew thereafter. The first-year policies are estimated to cost \$297,000, which includes premiums and fees.

Current actual premiums are approximately \$175,000. The budgeted premiums and other insurance costs are estimated at \$297,000 based upon past premiums and preliminary estimated quotes as shown in **Attachment A**; however, the actual invoiced amounts may vary dependent upon limit and deductible options with funds set aside for contingency purposes to cover premiums related to property acquisitions, capital assets and other types of insurance and coverage needs that may arise during the policy year. The estimated increase in cost reflect additional property values with the new North Bay Operations and Maintenance Facility and updated replacement costs based upon refurbishment work completed at several of the terminals over the past few years and additional location site factors.

Alliant Insurance Services (Alliant) provides insurance brokerage and risk management consulting services for numerous public sector clients in the industry, including a number of familiar organizations requiring similar policies and services as WETA, including the Golden Gate Bridge, Highway and Transportation District, State of Washington Ferries, the Ports of Oakland, Seattle, Tacoma and Vancouver and the City and County of San Francisco which includes the Port.

WETA has been very pleased with the services provided by Alliant and their efforts contributed to cost savings received by WETA. Alliant has access to markets that it may not otherwise have and works to negotiate and obtain broader coverages and higher limits at the same or slightly greater premium amount.

Staff anticipates that insurance brokerage and related advisory services will vary year-to-year depending upon the number and types of facilities owned or leased and its values, the structure of services provided by WETA and the WETA's construction program. Actual insurance policies secured through Alliant's brokerage services in future years will be brought forward to the Board annually for separate approval.

Fiscal Impact

Funding for insurance brokerage and insurance services is included in the proposed FY 2016/2017 operating budget and will be included in future year budgets to support this contract award.

END

**San Francisco Bay Area Water Transportation Authority (WETA)
2016 - 2017 Insurance Policy Schedule**

Attachment A

Coverage	Locations	2015 - 2016 Limit	2015 - 2016 Deductible/Retention	Policy Period	Current 2015 - 16 Annual Premium	Estimated 2016 - 17 Annual Premium
Marine Commercial Liability Terminal Operators Liability Wharfingers Liability Auto Liability	Pier 9 Offices Pier 9 Berthing Facility Harbor Bay Alameda Main Street Oakland Clay Street Vallejo Vallejo Ferry Ticket Office Mare Island North Bay O&M Facility South San Francisco	\$1,000,000 Each Occurrence \$2,000,000 Aggregate	\$2,500 each occurrence	7/1/2016 - 7/1/2017	\$ 17,000	\$ 25,000
Excess Marine Liabilities	Pier 9 Offices Pier 9 Berthing Facility Harbor Bay Alameda Main Street Oakland Clay Street Vallejo Vallejo Ferry Ticket Office Mare Island North Bay O&M Facility South San Francisco	\$9,000,000 Excess \$1,000,000	N/A	7/1/2016 - 7/1/2017	\$ 11,250	\$ 15,000
Property Insurance Docks, Pilings & Ramps	Pier 9 Offices Pier 9 Berthing Facility Harbor Bay Alameda Main Street Oakland Clay Street Vallejo Vallejo Ferry Ticket Office Mare Island North Bay O&M Facility South San Francisco	2015 - 2016 Total Insured Value: \$52,431,053 2016 - 2017 Total Insured Value: \$84,300,000	\$10,000 each occurrence \$20,000 wind, wind driven water and flood	7/1/2016 - 7/1/2017	\$ 125,980	\$ 229,875
Public Officials Management & Employment Practices Liability	N/A	\$3,000,000 Aggregate	\$15,000 each public officials managment \$20,000 each employment practices violation	7/1/2016 - 7/1/2017	\$ 20,136	\$ 25,171
Crime Insurance	N/A	new policy under consideration to be negotiated	new policy under consideration to be negotiated	7/1/2016 - 7/1/2017	\$ -	\$ 2,000
					\$ 174,366	\$ 297,046

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2016-11

APPROVE CONTRACT AWARD FOR INSURANCE AND BROKERAGE SERVICES TO ALLIANT INSURANCE SERVICES

WHEREAS, WETA's existing Commercial Insurance Policies expire on July 1, 2016; and

WHEREAS, these policies have been provided through Alliant Insurance Services and Wells Fargo Insurance Services as a result of a competitive process completed in April 2010;

WHEREAS, the WETA Board authorized soliciting new proposals for insurance and brokerage services in December 2015;

WHEREAS, staff has followed the procurement procedures specified in WETA's Administrative Code in soliciting and evaluating proposals for new insurance and brokerage services and, as the result of that process, recommends award of a contract to Alliant Insurance Services for this work; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves entering into an agreement with Alliant Insurance Services for insurance and brokerage services for a period of three years, with the option to extend this agreement for up to three two-year terms, and authorizes the Executive Director to purchase Commercial Insurance through this agreement at an estimated amount of \$297,000 for FY 2016/17.

CERTIFICATION

The undersigned, 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 May 5, 2016.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2016-11

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amendment to Agreement with Lindsay Hart, LLP for Federal Legislative Representation

Recommendation

Approve Amendment No. 15 to Agreement #05-205 with Lindsay Hart, LLP (LH) in the amount of \$125,000 for the provision of federal legislative representation in FY 2016/17 and authorize the Executive Director to execute the amendment.

Background

The Water Transit Authority (WTA) originally approved an agreement with Lindsay, Hart, Neil & Weigler, LLP, now Lindsay Hart, LLP (LH), on November 29, 2001 after a competitive selection process. This agreement was transferred to the Water Emergency Transportation Authority (WETA) upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work.

Discussion

Over the years, Peter Friedmann and his staff at LH have been successful at securing over \$35 million in federal funding commitments to support WETA's projects and has worked to increase overall federal transportation funding for ferry programs. During FY 2015/16, Peter Friedmann and staff continued their congressional outreach efforts on WETA's behalf and achieved two notable "wins" including succeeding in efforts to change the FHWA ferry funding formula to be more favorable towards passenger ferry services and WETA in general, and securing a \$4 million competitive grant award from FTA to support WETA's downtown San Francisco ferry terminal expansion project.

Staff is extremely satisfied with LH's work and initiative in garnering congressional support and continued funding for WETA's ferry system needs and recommends continuing this contract through FY 2016/17.

Proposed FY 2016/17 work would focus on the following programs and priorities:

- Expand, maintain and coordinate San Francisco Bay Area/California Congressional Delegation advocacy for WETA, and work to ensure continued active support from other Members of Congress;
- Work towards the overall objective of gaining a revenue stream to WETA in any new federal ferry legislation, including future surface transportation legislation;
- Work with Congressional committees, Bay Area Congressional delegation members, other key members of Congress, strategic stakeholders, and similarly situated ferry systems as appropriate, to increase federal grant funding flowing to WETA, whether through formula programs or discretionary grant programs;

- Work with WETA staff to pursue annual grants from the Ferry Boat Discretionary program, as administered by the Federal Highway Administration and the Federal Transit Administration;
- Work to bring emergency response funds to WETA, either through existing security grant programs, or by supporting the creation of new grant programs;
- Research other potential federal programs available to support WETA's program and projects; and
- Regularly inform WETA Board and staff of all relevant legislative and regulatory developments and lobbying activities in Washington DC.

Consistent with FY 2015/16, staff recommends an annual not-to-exceed contract of \$125,000, to be paid in the form of a \$10,000 monthly retainer with up to \$5,000 for incidental expenses annually.

Fiscal Impact

Sufficient funds are included in the proposed FY 2016/17 Operating Budget to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2016-12

**APPROVE AMENDMENT TO THE AGREEMENT WITH LINDSAY HART, LLP FOR THE
PROVISION OF FEDERAL LEGISLATIVE REPRESENTATION**

WHEREAS, on November 29, 2001, the Water Transit Authority entered into an agreement with Lindsay, Hart, Neil & Weigler, LLP (now Lindsay Hart, LLP) for Federal legislative and regulatory representation; and

WHEREAS, the agreement was transferred over to WETA upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work; and

WHEREAS, WETA's existing Agreement with Lindsay Hart, LLP for federal legislative services and regulatory representation extends through June 30, 2016 and WETA seeks to renew the agreement through June 30, 2017; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 15 to Agreement #05-205 with Lindsay Hart, LLP for federal legislative service and regulatory representation in an amount not to exceed \$125,000 for FY 2016/17; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

CERTIFICATION

The undersigned, 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 May 5, 2016.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary

2016-12

END

MEMORANDUM

TO: Board Members

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

**SUBJECT: Approve Amendment to Agreement with Blue and Gold Fleet, L.P., for
Operation and Maintenance of Ferry Services**

Recommendation

Approve Amendment No. 5 to Agreement 11-011 with Blue & Gold Fleet, L.P., for the operation and maintenance of WETA's ferry services to extend the agreement an additional five years through December 31, 2021, and authorize the Executive Director to negotiate and execute the amendment.

Background

On October 6, 2011, the San Francisco Bay Area Water Emergency Transportation Authority awarded a contract to Blue & Gold Fleet, L.P. (Blue & Gold), for the operation and maintenance of WETA's ferry services under one comprehensive contract beginning January 1, 2012. This contract award was the result of a comprehensive, competitive procurement processes in accordance with WETA's procurement policies and consistent with the Federal Transit Administration requirements and best practices for procurement. The final contract executed was the result of significant contract negotiation following a thorough cost and price evaluation to ensure that the contract price was fair and reasonable for ferry transportation services. The contract was awarded for an initial period of five years, ending December 31, 2016, with the option to extend the agreement for an additional five years (for a total of up to ten years), to be exercised at the sole discretion of WETA. Consistent with the contract terms, WETA is required to provide written notice to Blue & Gold by July 1, 2016 if WETA wishes to exercise its option to extend the agreement beyond December 31, 2016.

Discussion

Service Delivery and Performance

When the Blue & Gold contract was first awarded, WETA was responsible for three ferry services carrying approximately 1.4 million riders a year. As one of its early tasks, Blue & Gold successfully integrated the Harbor Bay Ferry service, previously operated by Harbor Bay Maritime, into its overall operation; integrating existing crews, vessels and facilities into its organization and operation. Shortly thereafter, Blue & Gold worked in close partnership with WETA to launch the South San Francisco service, providing maritime expertise in establishing the route and successfully delivering this new service. Over the five years of the contract, WETA's services have grown to four routes carrying over 2.3 million riders annually. Over this challenging period, Blue & Gold has proven to be an extremely active, positive and supportive partner, working closely with WETA staff to consider new ways to deliver quality, cost-competitive services to the benefit of WETA and our customers. Examples include Blue & Gold's work to support Clipper implementation on WETA ferry routes, work to interline crews and vessels to maximize operational and cost efficiencies and regular work to improve the customer experience by adding customer service representatives when warranted, establishing web-based ticketing for Giants services and establishing a pop-up ticket office at Jack London Square to sell tickets during busy periods. Blue & Gold regularly responds on short notice to requests to provide enhanced or modified service to existing service schedules and has repeatedly demonstrated the ability to successfully respond to a long list of major

operational challenges including BART service suspensions, transbay bridge closures, World Series celebrations, Super Bowl 50, and the America's Cup.

Throughout the life of the contract, WETA staff has found Blue & Gold staff to be extremely responsive and positive to work with. The company's management team has extensive experience, is highly qualified and has developed a thorough understanding of WETA and our specific issues and needs. Customer feedback over the 5 years has been overwhelmingly positive regarding the professionalism of vessel crew members and customer service representatives.

Contract Terms

Under the agreement Blue & Gold is responsible for the daily operation and management of WETA's ferry transit system, which includes vessel operations and basic maintenance, equipment and facilities management, terminal operations, personnel management, communications, dispatching and notification systems, provision of fueling and lubricants, ticket sales, fare collection and provision of on-board services such as food and beverage services. Compensation for this work is provided, by agreement, in the form of pre-negotiated *Fixed Fees* that cover basic management and administration costs and contractor profit, *Direct Costs* for the use of Blue & Gold vessels (as needed) and for vessel crew, maintenance, and customer service labor based upon actual labor expended on WETA services billed at pre-established hourly rates, and *Pass-Through* costs for items such as fuel, lubricants and insurance, which are provided at cost with no contractor mark-up. Blue & Gold services provided under this contract are estimated to cost \$20.4 million next year to support delivery of comprehensive ferry service on four routes, carrying an estimated 2.6 million passengers, as included in the proposed FY 2016/17 Operating budget in more detail (Item 7 on the meeting agenda).

The new five-year fee schedule proposed by Blue & Gold follows the same structure as that included in the original contract, providing for moderate and reasonable annual cost escalations for both Fixed Fee and Direct Cost items (between 3% and 4%, on average). Blue and Gold labor rates included in the direct cost formula are based upon negotiated pay and benefit rates with their two unions, MM&P and IBU, that apply to both Blue & Gold's private and WETA contract service workers.

Conclusion

As the result of our overwhelmingly positive experience in working with Blue & Gold Fleet as our private partner in delivering WETA's regional ferry service and emergency response mandate, staff recommends that the Board approve an amendment to the agreement with Blue & Gold for operation and maintenance of WETA's ferry services, extending the term of the contract an additional five years, through December 31, 2021.

Fiscal Impact

The terms proposed in the contract amendment are consistent with cost estimates included in the Short Range Transportation Plan financial projections. The estimated fiscal impact is \$20.4 million for FY 2016/17, which is included in the proposed FY 2016/17 Operating Budget. Costs for future year services will be included in the budgets for subsequent years.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2016-13

APPROVE AMENDMENT NO. 5 TO AGREEMENT #11-011 WITH BLUE AND GOLD FLEET, L.P. TO EXTEND THE CONTRACT TERM FIVE YEARS, THROUGH DECEMBER 31, 2021, AND AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE THE AMENDMENT

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (WETA) was established pursuant to California Senate Bill 976, as amended by Senate Bill 1093, codified as the San Francisco Bay Area Water Emergency Transportation Response and Disaster Recovery Act, California government Code Section 66540 *et. seq.* (as so amended, Act) which authorizes the consolidation of San Francisco Bay Area publicly operated regional ferry services; and

WHEREAS, on December 30, 2011, WETA executed Agreement No. 11-011 with Blue and Gold Fleet, L.P., for the provision of water transit services, and

WHEREAS, WETA authorized Amendment No. 1 on June 28, 2012, to amend Section 24.2 (b) (i) of the Agreement; and

WHEREAS, WETA authorized Amendment No. 2 on July 22, 2013, to amend Appendix E, Form of Agreement, Attachment H, List of WETA-Provided Ferry Terminals, Landing Rights, and WETA-Provided Facilities; and

WHEREAS, WETA authorized Amendment No. 3 on October 28, 2013, to amend Section 5.1 (a) "Fixed Fees", Section 5.1 (c) "Pass Through Costs", and Section 24.2 (d); and

WHEREAS, WETA authorized Amendment 4 to include services for the management and operation of the Vallejo Ferry Terminal Ticket Office; and

WHEREAS, WETA now wishes to extend the term of the agreement five years, through December, 31, 2021; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 5 to Agreement No, 11-011 with Blue and Gold Fleet, L.P. to extend the term of the agreement five (5) years, through December 31, 2021; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the amendment and take any other such related actions necessary to support this change.

CERTIFICATION

The undersigned, 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 May 5, 2016.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2016-13

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amendment to Agreement with Nossaman LLP for the Provision of Legal Services

Recommendation

Approve Amendment No. 20 to the agreement with Nossaman LLP in the amount of \$600,000 for the provision of legal services for FY 2016/17 and authorize the Executive Director to execute the amendment.

Background

WETA's enabling statute requires the employment of general counsel to manage its legal affairs. In August 2004, the San Francisco Bay Area Water Transit Authority authorized Nossaman LLP (Nossaman) to serve as its general counsel. In January 2008, this contract transferred to the San Francisco Bay Area Water Emergency Transportation Authority upon its creation and has been renewed annually since. Annual legal expenses vary from year to year based upon the volume and complexity of legal issues facing the agency. Nossaman has served the Authority's interests well in a wide variety of areas over the years and has developed a thorough understanding of the agency and our specific issues and needs.

Discussion

Staff has reviewed the FY 2016/17 work program and anticipates the need for legal support services related to general agency oversight and capital project implementation as follows:

General Oversight

This includes work in support of items such as general agency operation, governance issues, contracts, legislation, procurement, policy development, employment law, insurance requirements, lease and other property transactions and other subjects of interest or concern. The amount of time spent on these issues has increased in recent years as WETA's service offerings and use have increased.

Capital Program Support

This work includes advice and oversight of legal procurement and contract issues related to capital projects included in the \$99.7 million FY 2016/17 capital budget. Such work includes review of project proposals for legal content, contract development and review of any protests or project issues as they arise during or after the procurement. Major projects in FY 2016/17 include work on the Authority's two maintenance and operations facility projects, San Francisco berthing expansion, Richmond ferry service projects, facility rehabilitation projects and the procurement of five new vessels. Staff anticipates that development and delivery of the capital program to be a major work effort this coming year.

Staff recommends that the Board authorize a contract amendment with Nossaman LLP in the amount of \$600,000 for legal work in support of WETA's capital and operating activities in FY 2016/17. This is \$50,000 more than that authorized in FY 2015/16, and represents a ceiling on the amount of legal expenditures during the year, which are billed on an as-needed basis.

Fiscal Impact

Sufficient funds are included in the proposed FY 2016/17 operating and capital program budgets to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2016-14

**APPROVE AMENDMENT TO THE AGREEMENT WITH NOSSAMAN LLP FOR THE
PROVISION OF LEGAL SERVICES**

WHEREAS, WETA's enabling statute requires the employment of general counsel to manage its legal affairs; and

WHEREAS, on August 26, 2004, the San Francisco Bay Area Water Transit Authority Board of Directors authorized the Chief Executive Officer to negotiate a contract with Nossaman, Guthner, Knox and Elliott, LLP (now Nossaman LLP) to provide legal counsel for the agency; and

WHEREAS, this agreement was transferred over to WETA upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work; and

WHEREAS, WETA's existing Agreement No. 04-204 with Nossaman LLP for legal services expires on June 30, 2016 and WETA seeks to renew the Agreement through June 30, 2017; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 20 to Agreement No. 04-204 with Nossaman LLP for legal services in an amount not to exceed \$600,000; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

CERTIFICATION

The undersigned, 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 May 5, 2016.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2016-14

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Vessel Naming Discussion

Recommendation

There is no recommendation associated with this item.

Background

With the construction of WTAWETA's first two vessels in 2007, a number of options were discussed and considered in establishing WETA's vessel naming convention. The Board agreed that vessel names should meet a standard set of criteria such as to:

- Use one or two word names that are simple to use and easy to track;
- Avoid names already in use on existing Bay Area vessels;
- Use names that are identifiable and provide a regional message or theme; and
- Use names that would be perceived positively by communities in the region.

Naming options considered included naming vessels after colors, cities nearby terminal sites, special status species in the area, famous mariners, wine varieties and maritime authors. Further, the Board considered holding a vessel naming contest and discussed naming vessels after Members of Congress who were supportive of WETA's service development.

After much discussion, the Board settled on a naming convention that utilizes star constellations, which are plentiful, historical, interesting, recognizable and flexible, which is important as vessels move between services and are not necessarily bound to one geographic area within the region. Following this naming convention, the first six WETA vessels (four in operation and two under construction) have been named as follows:

- *Gemini* (twins)
- *Pisces* (the fish)
- *Scorpio* (the scorpion)
- *Taurus* (the bull)
- *Hydrus* (water serpent)
- *Cetus* (the whale)

Examples of future vessel names identified under this naming convention that are specifically related to water, sea or ships include such names as Pyxis (mariner's compass), Delphinus (the Dolphin), Aquarius (the water-bearer), Argo (mythological ship), Crater (the water Cup) and Capricornus (the sea goat), Carina (the keel), Bela (the

sails) and Eridanus (the Great River). Additional non-water related names (constellations) include Aries (ram), Pegasus (flying horse), Lyra (musical instrument), Virgo (the virgin), Aquila (an eagle), and Crux (a cross).

Discussion

At the March 2016 meeting, Vice Chair Wunderman requested that Chair Breckenridge include an item on a future meeting agenda to discuss WETA's vessel naming process and the potential to name a vessel after Ron Cowan, the founder of the Harbor Bay Ferry Service and an instrumental member of the Bay Area Council who worked to establish both the San Francisco Bay Area Water Transit Authority (WTA) and the San Francisco Bay Area Water Emergency Transportation Authority (WETA).

WETA's current practice of naming new vessels after star constellations met the Board's initial goal of establishing a simple, interesting, recognizable and themed naming convention for WETA's vessels that can easily be applied to new vessels as they are constructed over the years. While staff recommends continuing the current naming practice, the Board may wish to revisit the vessel naming policy in its entirety or to establish a process for making a one-time or occasional exception to recognize a person (or place) of significance to WETA's system in response to Vice Chair Wunderman's request and other similar requests that may follow.

As an alternative, the Board may want to consider the option of re-naming the Harbor Bay Ferry Terminal after Mr. Cowan. This could serve as a meaningful way to recognize his contribution as the founder of the Harbor Bay service and community and supporter of WTA/WETA's regional ferry system.

Staff looks forward to receiving input from the Board on this matter.

Fiscal Impact

There is no fiscal impact associated with this item.

END