



Members of the Board

Charlene Haught Johnson, Chair
Anthony J. Intintoli, Jr., Vice Chair
Gerald Bellows
Timothy Donovan
Beverly Johnson

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

BOARD OF DIRECTORS' MEETING
Thursday, August 2, 2012 at 1:30 P.M.
San Francisco Bay Area
Water Emergency Transportation Authority
9 Pier, Suite 111
San Francisco

NOTE: MEETING TIME 1:30 P.M.

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

AGENDA

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

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

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

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

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

**Water Emergency Transportation Authority
August 2, 2012 Meeting of the Board of Directors**

6. CONSENT CALENDAR **Action**
 - a. Minutes June 29, 2012
7. OVERVIEW OF FY 2011/12 FINANCIAL AUDIT SCOPE AND PROCESS **Information**
8. UPDATE ON WETA 2012 – 2021 SHORT RANGE TRANSIT PLAN **Information**
9. AUTHORIZE RELEASE OF A REQUEST FOR QUALIFICATIONS FOR ENVIRONMENTAL REVIEW SERVICES FOR THE VALLEJO FERRY MAINTENANCE FACILITY **Action**
10. RECESS INTO CLOSED SESSION
 - a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS **Action**

Property: Mare Island Maintenance Facility at Building 477 and Building 165 sites, City of Vallejo and Lennar Mare Island, LLC
Agency Negotiator: Nina Rannells
San Francisco Bay Area Water Emergency Transportation Authority
Negotiating Parties: City of Vallejo
Under Negotiation: Terms and conditions of the Authority's proposed lease

To Be Determined
11. REPORT OF ACTIVITY IN CLOSED SESSION **Action**

Chair will report any action taken in closed session that is subject to reporting at this time. Action may be taken on matters discussed in closed session.

To Be Determined
12. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

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

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

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



MEMORANDUM

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: August 2, 2012

RE: Executive Director's Report

PROJECT UPDATES

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

All initial escrow requirements for the Alameda Transition were completed in April and the Alameda services were transferred to WETA on April 29, 2011. All initial escrow requirements for the Vallejo transition were completed in June and the Vallejo services were transferred to WETA on July 1, 2012. Staff continues to work on closing out final Vallejo transition details including final transfer of grants, funds and system contracts and services.

Vessels - Two 149-passenger vessels, *Gemini* and *Pisces*, and two 199-passenger vessels, *Scorpio* and *Taurus*, have been constructed by Nichols Brothers Boat Builders and Kvichak Marine Industries for use in WETA services and to expand WETA's emergency response capabilities.

South San Francisco Ferry Service – The South San Francisco service was launched on Jun^e 4, 2012. Staff is monitoring the service to ensure normal operations and to identify opportunities to promote passenger ridership.

Berkeley Ferry Service – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. The environmental and conceptual design work includes plans for shared of an existing City owned parking lot at the terminal site between ferry and local restaurant (H^s Lordships) patrons. City participation is required in order to move the project forward and reach agreement on a shared use concept. In early February, Staff met with the Interim Deputy City Manager to discuss the status and next steps for the project. On April 19, staff met with City of Berkeley staff to provide an update on the project and to discuss the City entitlement process for the project. The project will require a conditional use permit reviewed by the City's Planning Commission, Zoning Adjustment Board, and City Council. Staff also discussed options to expedite the project through the conditional use permit process.

Staff is working with the environmental consultant to complete the Final EIS/EIR. Staff is also working with Nossaman to complete the legal review of the administrative draft Final EIS/EIR. The next step involves FTA review. Staff is consulting with the National Oceanic and Atmospheric Administration (NOAA) and the National Marine Fisheries Service (NMFS) on completion of a Biological Assessment and Essential Fish Habitat Assessment for the project. The assessments were prepared in compliance with legal requirements set forth under Section 7 of the Endangered Species Act and the Magnuson-

Stevens Fishery Act. NOAA and NMFS will issue a Biological Opinion (BO) on the project. The BO is required prior to completion of the Final EIS/EIR.

Treasure Island Service – This project, implemented by the Treasure Island Development Authority (TIDA), the Mayor's Office of Economic and Workforce Development and the prospective developer, will institute new ferry service between Treasure Island and downtown San Francisco in connection with planned Island development.

TIDA and WETA staffs are working to prepare a draft Memorandum of Understanding (MOU) outlining agency roles and responsibilities for moving forward with the project. The MOU will be subject to review and approval by the WETA Board.

Downtown San Francisco Ferry Berthing Expansion - This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new ferry services to San Francisco as set forth in WETA's Implementation and Operations Plan. The proposed project would also include landside improvements needed to accommodate expected increases in ridership and to support emergency response capabilities if a catastrophic event occurs.

The project team is in the process of preparing a Draft EIR/EIS based on scoping comments received to date that is scheduled to be completed and released for public review in Fall 2012.

Pier 9 Berthing Facility - This project consists of two layover berths for mooring and access to ferry vessels on Pier 9 alongside the northern pier apron and adjacent to the WETA Administrative Offices. Staff has issued a Certificate of Final Completion and Acceptance and closed out work with the construction contractor for this project.

Clay Street Oakland Ferry Passenger Float - This project consists of replacing the existing passenger float in Oakland with a newly constructed float. The work in general includes all design services, construction and installation, without disruption of ferry service. The Board approved award of a contract for this work to Manson Construction in May 2012. Work is expected to be completed in February 2013.

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 and 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 disaster, the facility would function as an Emergency Operations Center, serving passengers and sustaining water transit service for emergency response and recovery.

NOAA and NMFS are expected to issue a Biological Opinion and Essential Fish Habitat Assessment by the end of this month concluding the consultation processes initiated by FTA under Section 7 of the Endangered Species Act and the Magnuson-Stevens Fishery Conservation and Management Act. FTA has also initiated consultation with the US Fish and Wildlife Service under Section 7 of the Endangered Species Act. Staff is presently working with USFWS on behalf of FTA to expedite review of the project. Pending completion of these consultation processes, WETA will be prepared to move forward with FTA to finalize environmental clearance of the project under NEPA.

Ridership Forecast Model Update – Staff has worked with its consultant to generate updated ridership forecast model runs to support planning efforts for the Downtown San Francisco Ferry Terminal Expansion Project, South San Francisco Business Plan and the Short Range Transit Plan. Staff has reserved funds in the approved project budget should additional future model runs be required to further support these projects or other agency planning efforts.

Hercules Environmental Review/Conceptual Design - This project has been on hold for a number of months awaiting clarification from the City of Hercules on the status of its project to build an Intermodal Transit Center at the site, which is a necessary pre-condition to a ferry terminal. On April 19, Staff met with the City of Hercules to receive an update on the environmental review status, current phasing plan, funding and schedule for the Intermodal Transit Center project. Based upon this discussion, it appears that funding is in place to construct the initial phases of the Intermodal Transit Center but that the project will not advance to such a point that ferry terminal construction could begin until 2017, at the earliest. As a result, continuing the environmental review process for a potential ferry terminal at this site is not feasible at this time.

Staff remains in contact with the City to coordinate any future ferry terminal work as the Transit Center project moves forward.

Antioch, Martinez and Redwood City Ferry Service Expansion Projects – These projects involve conceptual design and environmental review for potential future ferry services to the cities of Antioch, Martinez, and Redwood City. WETA staff has coordinated with staff from each city throughout the respective planning processes.

Richmond Ferry Service – This service will provide an alternative transportation link between the City of Richmond and downtown San Francisco. The environmental and conceptual design work includes plans for replacement of an existing facility (float and gangway) and a phased parking plan. Staff is working with City of Richmond staff and representatives of Orton Development Inc. to develop the plans. Environmental review for the project is underway. Public and resource agency scoping meetings were held in June. The purpose of the meetings was to present information on the proposed project and to provide an opportunity for comment on the scope of the environmental analysis. On July 12, staff presented to the Harbor Safety Committee for stakeholder outreach and scoping purposes. Staff continues to conduct stakeholder outreach with regard to project design and scoping for the environmental review process.

Clipper Fare Media Implementation – Clipper is currently available as fare payment media for the Alameda/Oakland to South San Francisco Ferry Service. Staff has developed a proposal to make Clipper available for the Alameda/Oakland and Alameda Harbor Bay services by October 1, 2012. On August 5th, WETA plans to initiate a 30-day public noticing period to solicit public comments on the proposal. On September 6th, a Public Hearing will be scheduled to provide an additional opportunity for public comment on the proposal. Pending consideration of comments received, staff intends to prepare a recommendation for the Board to approve proposed Clipper fares for the Alameda/Oakland and Alameda Harbor Bay ferry services at September Board meeting.

WETA is continuing to work with MTC to develop software programming and acquire equipment required to implement Clipper for the Vallejo ferry service. WETA plans to offer Clipper as a fare payment media for the Vallejo services as early as mid-2013.

Short-Range Transit Plan – WETA is required to prepare a short-range transit plan (SRTP) now that the agency is a transit service operator. The main purpose of the SRTP is to serve as a management and policy document for the transit operator, as well as a means of annually providing FTA and MTC with information necessary to meet regional fund programming and planning requirements. Staff is working with a transportation consultant to complete the SRTP.

Mare Island Ferry Maintenance Facility – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in three phases. As currently planned, Phase Zero would include site preparation, demolition, and abatement, which would be completed prior to landside construction work. Phase One will construct all of the landside improvements including a 48,000 gallon fuel storage and delivery system, a new warehouse, and renovation of Building 165. Phase Two will construct all of the waterside improvements consisting of a system of modular floats and piers,

gangways, and over the water utilities. Finally Building 477 (the existing ferry maintenance facility) will be cleaned up as required prior to surrender to Lennar.

GHD has completed initial engineering cost estimates and schedules for all project phases for staff review. GHD is coordinating directly with WETA as required to move all work forward. Project will be design/build under WETA's authority.

On December 15th the California Transportation Commission approved the City's request for a 20 month extension for the \$4.2 million STIP grant allocated to the project to provide time to re-design and re-bid the project. The City/WETA has until August 2013 to enter into a construction contract for facility work. During the workshop on March 27, it was agreed to put forth full efforts to enter into a construction contract by December 2012, well in advance of the CTC deadline, including finalization of all required permits prior to contract award.

UPDATE ON RELEVANT PROJECTS IMPLEMENTED BY OTHER AGENCIES

Vallejo Station - Vallejo Station is a compact, transit-oriented mixed-use project in the City of Vallejo that includes two major transit elements – a bus transfer facility that will consolidate local, regional and commuter bus services and a 1,200 space parking garage for ferry patrons and the general public.

The Bus Transfer Facility was formally accepted as complete by Vallejo City Council on July 10, 2012. The release of the final retention will be made to the contractor, San Jose Construction Co., Inc. in mid-August. The facility has been operational since last July 2011. The City has also transferred the Bus Transit Facility and other bus related facilities to Solano County Transit (SolTrans).

The Parking Structure will be constructed in two phases. Phase A Parking Structure is nearly complete with the elevator canopy, elevator weather shelter and canopy along Santa Clara Street as the final pieces to be built within the parking structure. These protective measures will help minimize wind driven rain from entering the structure. Shop fabrication of the canopies has begun and will take approximately eight weeks. The contractor anticipates installing the canopies in mid-September. Parking Access and Revenue Control System (PARCS) is a sub-component of the Parking Structure facility. The last public input meeting was held on May 31, 2012. Staff plans to take the fee recommendations to City Council in the next few months for Council's approval. The areas of consideration for parking fees are the parking structure, surface lots between Capitol Street and Maine Street, downtown city parking lots and on street parking in the waterfront district and downtown areas.

Phase B of the parking structure is still dependent on the relocation of the U.S. Post Office.

OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS

On July 6 and 13, WETA hosted two field trips for the Women's Transportation Seminar (WTS) Transportation YOU program, in conjunction with the non-profit organization Girls Inc. The Transportation YOU program is a hands-on, interactive, mentoring program that offers young girls ages 13-18 an introduction to a wide variety of transportation careers. WETA provided a boat for the students to tour and take a ride out on the bay while WETA and Blue & Gold women staff provided an overview of their experience in the maritime industry. The trip also included a tour of Bay Ship & Yacht and a quick engineering lesson from Charlie Walther.

On July 11, Keith Stahnke, Ernest Sanchez, Lauren Gularte, Marty Robbins and Blue & Gold staff rode all four morning Vallejo to San Francisco ferry departures to introduce San Francisco Bay Ferry to the Vallejo Ferry passengers and were available to provide information on the transfer of the Vallejo Ferry service to WETA and to answer any questions.

On July 12, Chad Mason presented an overview of the proposed Richmond Terminal Project to the Harbor Safety Committee of the Bay Area Region.

On July 19, Lauren Gularte provided information on San Francisco Bay Ferry at a transit outreach event organized through the Transportation Management Association of San Francisco.

On July 23, Ernest Sanchez and Lauren Gularte met with staff from Solano Transportation Authority to discuss potential joint efforts to market the Vallejo Ferry System.

OTHER ACTIVITIES / ITEMS

America's Cup – The City of San Francisco will host the 34th America's Cup race and related events in 2012 and 2013. WETA staff is participating on the City's interagency task force for event transportation in order to support transportation planning and identify the role that WETA's ferry system might play in supporting this event. The City's Planning Commission approved the Final EIR in December 2011. Staff is coordinating with the San Francisco Municipal Transportation Agency (SFMTA) on options to provide enhanced WETA service during AC34 events in 2012 and 2013.

On July 24, 2012 the San Francisco County Transportation Authority approved an action to allocate \$1,300,000 in Proposition K funds to the Port of San Francisco to demolish Pier ½ at the Downtown San Francisco Ferry Terminal. Demolition of Pier ½ is required by BCDC as a permit condition for the America's Cup Event. The removal of Pier ½ will also serve to facilitate future construction of WETA improvements to the Downtown San Francisco Ferry Terminal, including construction of Gate A and improvements to the North Basin Marginal Wharf.

ADMINISTRATION

Attached are the monthly financial statements for FY 2011/12 through June 2012, including the Statement of Revenues and Expenses and the Capital Budget vs. Expenditures reports.

San Francisco Bay Area Water Emergency Transportation Authority
FY 2011/12 Statement of Revenues and Expenses
For Period Ending 06/30/2012

(Preliminary)

		% of Year Elapsed		100%	
	Current Month	Prior Year Actual	2011/12 Budget	2011/12 Actual	% of Budget
Operating Expenses:					
Planning & General Administration:					
Wages and Fringe Benefits	134,677	1,451,663	1,546,000	1,269,738	82.1%
Services	884,181	2,712,835	2,499,000	2,498,078	100.0%
Materials and Supplies	27,408	32,616	51,000	40,254	78.9%
Utilities	4,631	12,032	15,000	14,956	99.7%
Insurance	-	29,767	33,000	28,578	86.6%
Miscellaneous	91,546	42,390	128,000	186,656	145.8%
Leases and Rentals	22,069	290,944	298,000	269,381	90.4%
Sub-Total Planning & Gen Admin	1,164,512	4,572,247	4,570,000	4,307,640	94.3%
Ferry Operation:					
Vessel Operation	227,296		4,952,978	4,166,233	84.1%
Vessel Maintenance	272,296		2,176,165	1,720,132	79.0%
Facility Maintenance	1,881		445,344	376,921	84.6%
General & Administration	61,480		635,956	796,611	125.3%
Sub-Total Ferry Operation	562,952	-	8,210,443	7,059,898	86.0%
Total Operating Expenses	1,727,464	4,572,247	12,780,443	11,367,538	88.9%
Total Capital Expenses	1,025,782	21,835,930	24,392,774	12,525,598	51.3%
Total Expenses	2,753,246	26,408,177	37,173,217	23,893,136	64.3%
Operating Revenues					
Fare Revenue	367,337		3,032,383	3,351,713	110.5%
Local - Bridge Toll	1,360,127	4,572,247	9,169,736	7,937,502	86.6%
Local - TIF	-		500,000	-	0.0%
Local - LLAD	-		78,194	78,192	100.0%
Local - Other Revenue	-		130	130	100.0%
Total Operating Revenues	1,727,464	4,572,247	12,780,443	11,367,538	88.9%
Total Capital Revenues	1,025,782	21,835,930	24,392,774	12,525,598	51.3%
Total Revenues	2,753,246	26,408,177	37,173,217	23,893,136	64.3%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2011/12 Statement of Capital Revenues and Expenses
For Period Ending 06/30/2012
(Preliminary)

Project Description	Current Month	Project Budget	Prior Year Actual	2011/12 Budget	2011/12 Actual	Future Year	% of Project
Capital Expenses:							
SSF Mitigation Study	4,790	275,000	42,459	232,541	7,011	0	18%
SSF Terminal Construction	460,102	26,000,000	15,414,540	10,509,460	8,529,044	76,000	92%
Berkeley Environ/Conceptual Design	89,638	2,304,700	1,785,235	519,465	267,783	-	89%
Berkeley Terminal Final Design		3,200,000		500,000	-	2,700,000	0%
Hercules Environ/Conceptual Design	335	1,080,000	989,932	90,068	2,291	-	92%
Pier 9 Mooring/Floats	25,976	3,150,000	1,733,540	1,416,460	1,413,072	-	100%
Environmental Studies/Conceptual Design	116,265	3,250,000	251,465	2,998,535	290,320	-	17%
Central Bay Ops/Maint Fac - Environ/Design	64,551	2,600,000	362,872	2,237,128	245,149	-	23%
Central Bay Ops/Maint Fac - Construction		30,000,000	-	130,000	-	29,870,000	0%
Passenger Float - Clay Street	84,411	2,410,000	-	1,500,000	119,145	910,000	5%
Passenger Float - Main Street		90,000	90,000	-	-	-	100%
S.F. Berthing - Environ/Conceptual Design	153,923	3,300,000	950,349	1,861,651	969,330	488,000	58%
Vessel Engine Overhaul	440	1,103,564	-	1,103,564	153,454	-	14%
Vessel Mid-Life Overhaul - Bay Breeze	4,067	5,015,000	-	515,000	53,323	4,500,000	1%
Channel Dredging - Harbor Bay	21,284	250,000	-	250,000	26,879	-	11%
Infatable Buoyancy Apparatus Prurchase - 20	-	120,000	-	20,000	-	100,000	0%
Terminal Facility Improv - Harbor Bay	-	250,000	-	20,000	-	230,000	0%
Terminal Parking Lot Rehabilitation	-	475,000	-	475,000	447,158	-	94%
Emergency Repair - Harbor Bay Facilities	-	177,440	175,800	1,640	1,639	-	100%
Communications Equipment	-	52,000	39,737	12,263	-	-	76%
Total Capital Expenses	1,025,782	85,102,704	21,835,930	24,392,774	12,525,598	38,874,000	

Capital Revenues:

Federal	426,493	23,233,404	8,839,892	7,794,447	4,170,794	6,599,065	56%
State	391,227	42,078,461	4,775,865	9,582,205	1,839,431	27,720,392	16%
Local - Bridge Toll	79,995	7,616,713	4,497,839	2,433,169	1,820,960	685,705	83%
Local - San Mateo Sales Tax Measure A	127,254	10,935,686	3,546,535	4,420,314	4,531,356	2,968,837	74%
Local - Alameda Sales Tax Measure B	813	1,238,440	175,800	162,640	163,057	900,000	27%
Total Capital Revenues	1,025,782	85,102,704	21,835,930	24,392,774	12,525,598	38,874,000	

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

MINUTES OF THE BOARD OF DIRECTORS MEETING

(June 29, 2012)

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

1. ROLL CALL AND CALL TO ORDER

Chair Charlene Haught Johnson called the meeting to order at 1:15 p.m. Directors present were Vice Chair Anthony Intintoli and Director Gerald Bellows. WETA Counsel Stanley Taylor III of Nossaman LLP led the Pledge of Allegiance.

2. REPORT OF BOARD CHAIR

Chair Johnson personally engaged each guest and welcomed them to the meeting. She expressed appreciation to staff for all of their recent efforts.

3. REPORT OF DIRECTORS

Director Bellows reported that \$67 million in federal ferry funding had passed out of committee.

4. REPORTS OF STAFF

Following Director Bellows report, Executive Director Nina Rannells referred the Board to the written report from WETA's federal representative Peter Friedmann of Lindsay, Hart, Neil & Weigler, LLP for further details regarding the status of ferry funding in the MAP-21 bill. She explained that unlike the earmarks or discretionary funding process that was in place under the TEA bill, funds designated for ferries would now be determined by a formula not favorable to WETA. She elaborated that the formula was based on 45% vehicles carried, 35% route miles, and 20% passengers carried. Ms. Rannells noted that although it was not a good deal for WETA, it was based on some logic in that car ferries more closely emulate the function of a highway and that the funding came through the Federal Highway Administration. She added that Mr. Friedmann had put a great deal of effort into attempts to maintain WETA's position and was looking into other funding solutions. Chair Johnson noted her faith in Mr. Friedmann's work and that she looked forward to an update from him regarding his ideas for federal funding alternatives.

Ms. Rannells directed the Board to her written report for additional updates. She then introduced Operations Manager Keith Stahnke, who reported on activities regarding WETA's role during the BART service disruption due to a fire near the West Oakland BART station on June 14.

Mr. Stahnke detailed staffs' quick response in coordinating increased service with Blue & Gold Fleet, primarily in the Alameda/Oakland service corridor most affected by the shutdown of BART's transbay service. Mr. Stahnke noted that the service was able to provide over 40 additional one-way runs with peak departures every 20 minutes, carrying over 9500 people including a 368% increase in passengers on the Alameda/Oakland service alone. He noted that fortuitously there had been a major regional transit emergency response exercise planned for the same day which helped facilitate the readiness of the responders.

Ms. Rannells added that everyone on staff had helped in some way and that most were out helping with crowd control at terminal locations. She said that the service had run relatively smoothly for the day with very few passenger complaints and no injuries.

Mr. Stahnke said that it was an effort to explain to passengers that the ferry service was not free, but that logistically it had become impossible to sell enough tickets and that many customers had been let through without paying a fare. He said that MTC would be working with affected agencies for reimbursement of lost revenue.

Director Bellows said that he had been on a ferry that day and felt that everyone had done a fantastic job. He added that he had seen the new boats coming in for new passengers as his was going out.

Director Bellows then asked about the scoping meeting for the proposed Richmond terminal noted in the Executive Director's report as scheduled for June 29. Policy Analyst Lauren Duran noted the typo and said that it had been held on June 21.

Planner/Analyst Chad Mason offered a brief report on the meeting, noting that approximately 50 people had attended and that the most common comment was "why is it taking so long?" followed by comments regarding the width of the navigable channel adjacent to the proposed terminal site. He said that he explained the required regulatory process to the attendees, such as CEQA and NEPA and all the other pieces of the permitting puzzle. Mr. Mason also reported on a resource agency scoping meeting held on the 28th with representatives from the USCG and BCDP, both of whom would be submitting comment letters to WETA. He added that the scoping process would continue with a meeting on July 12 at the Harbor Safety Committee and ongoing stakeholder outreach.

Ms. Rannells said that in general the response to the proposed Richmond terminal had been very favorable. Chair Johnson asked how long the process would realistically take. Mr. Mason reviewed the timeline and said that if all went smoothly it could be completed in 2015.

Chair Johnson asked if similar scoping had been done in Berkeley regarding their proposed terminal. Mr. Mason said that the EIR/EIS was currently being prepped for FTA review and that the final document should be ready by fall and that public comment on the process had been ongoing for three years.

5. CONSENT CALENDAR

Vice Chair Intintoli made a motion to approve the consent calendar which included the minutes from the June 7, 2012 meeting. Director Bellows seconded the motion the item carried unanimously.

6. INITIATE OUTREACH ACTIVITIES ASSOCIATED WITH ESTABLISHING CLIPPER FARES FOR THE ALAMEDA/OAKLAND AND ALAMEDA HARBOR BAY FERRY SERVICES

Planner/Analyst Mike Gougherty presented this item requesting Board authorization to initiate outreach activities associated with establishing new fares for the Clipper electronic fare payment system for the Alameda/Oakland/San Francisco and Alameda Harbor Bay ferry services.

Vice Chair Intintoli asked if the Senior and Disabled fares were required to be 50% of the Adult fare why they appeared to be more than 50% on the chart. Ms. Rannells explained that the full cash fare was not shown on the chart, and that the Senior and Disabled fares were indeed 50% of the cash fare. She added that the Adult Clipper fares were set to match the current discounted fares customers received when buying monthly ticket books and that ultimately tickets would largely go away.

Mr. Gougherty said that cash fares would remain for the foreseeable future, noting that even after Clipper implementation Golden Gate continued to sell full cash fare tickets, predominantly to out-of-towners. Ms. Rannells then briefly reviewed the status of discussions with SFMTA regarding the

inter-operator transfer rates for ferry riders who also use MUNI. She concluded noting that the item at hand was specifically to initiate the public outreach process with customers regarding the Clipper fares.

Vice Chair Intintoli requested staff to keep it simple during the outreach process. Director Bellows said he appreciated the consistency of the fare structure.

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

7. UPDATE ON PLANS FOR THE 34TH AMERICA'S CUP EVENT IN SAN FRANCISCO

Peter Albert, SFMTA Manager of Urban Planning Initiatives, gave a presentation to the Board regarding the planning status of the America's Cup event.

Public Comment

Carolyn Horgan of Blue & Gold Fleet asked for details regarding the lane of the Embarcadero that would be closed to traffic. Mr. Albert replied the west lane would be closed and reserved primarily for emergency vehicle access but that it would also be a perfect opportunity to get bicycle traffic off the Embarcadero sidewalk. He added that this would only occur on weekends and that both lanes of the Embarcadero would remain open in the area around the Ferry Building.

8. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Chair Johnson called the meeting into closed session at 2:20 p.m. Upon reopening of the meeting at 3:10 p.m. she reported that the Board had reviewed the Executive Director's performance, noting her achievements over the last three years, a period during which the Executive Director had received no salary adjustment. Chair Johnson said that after reviewing a matrix of competitive salaries, the Board had offered a resolution to authorize her to execute Amendment No. 1 to the Executive Director's employment contract in substantively the form presented to the Board.

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

9. ADJOURNMENT

All business having concluded, the meeting was adjourned at 3:15 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Overview of FY 2011/12 Financial Audit Scope and Process

Recommendation

There is no recommendation associated with this informational item.

Background/Discussion

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

Maze & Associates began the initial field work associated with the audit of WETA's FY 2011/12 financials in May 2012 and is scheduled to issue the final audit report no later than December 2012. The Engagement Letter, provided as **Attachment A** to this report, describes the scope of Maze's audit, audit objectives, responsibilities of management and audit procedures pertaining to the audit. In addition, Maze & Associates has included their most recent peer review report.

In compliance with audit standards, Cory Biggs, CEO of Maze & Associates, will attend the meeting to provide the Board with an overview of the audit scope, management representation, fraud considerations and audit timing and to answer any questions about this work. Maze & Associates has also prepared a letter to the Board, provided as **Attachment B**, with detailed description of the audit process.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

Attachment A



May 2, 2012

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, 2012. 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. Financial statement audit scope increase due to ferry transit services assumed from the City of Alameda for the months of April through June:
 - a. Audit of financial transactions from the operations of ferry services.
 - b. Procedures to test Authority compliance and our report thereon in accordance with the requirements of Alameda County Measure B.

Audit Objective

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

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

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

T 925.930.0902
F 925.930.0135
E maze@mazeassociates.com
W mazeassociates.com

The reports on internal control and compliance will each include a statement that the report is intended for the information and use of the Board or their appointed committee, management, specific legislative or regulatory bodies, federal awarding agencies, and if applicable, pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

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

Management Responsibilities

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

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

Management is responsible for making all financial records and related information available to us and for ensuring that management and financial information is reliable and properly recorded, including any significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. We understand that the Authority will provide us with the Closing Checklist information required for our audit and that the Authority is responsible for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

You are responsible for the preparation of the supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains, and indicates that we have reported on, the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon.

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

Audit Procedures - General

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

Because an audit is designed to provide reasonable, but not absolute, assurance 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. In addition, an audit is not designed to detect immaterial misstatements, immaterial illegal acts, or violations of laws, or governmental regulations that do not have a direct and material effect on the financial statements or major programs. We will advise the Authority of any material errors and any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the Authority of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential. 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 matters that might arise during any later periods for which we are not engaged as auditors.

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

Audit Procedures - Internal Controls

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

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major 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. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures - Compliance

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

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

Audit Administration, Fees, and Other

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

At the conclusion of the engagement, we will complete the appropriate sections and sign 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 a corrective action plan) along with the Data Collection Form to the designated federal clearinghouse and, if appropriate, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed in advance by the cognizant or oversight agency for audits.

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

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

We expect to begin our audit in June 2012 and to issue our reports no later than December 2012. The name of the engagement partner is Cory Biggs who is responsible for supervising the engagement and signing the report.

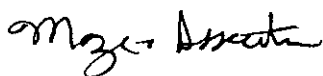
Our fees for these services are billed based on our contract with the Authority. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses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

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

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

Government Auditing Standards require that we provide the Authority with a copy of our most recent quality control review report and letter of comment. Our most recent peer review report, the letter of comment and our responses accompany this letter.

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



Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Authority.

By: Mike Rannells
Title: EXECUTIVE DIRECTOR
Date: 5/8/12

**San Francisco Bay Area Water Emergency Transit Authority
Fees Attachment**

Our fees for the work described in the attached engagement letter will be as follows, unless they are adjusted for one or more of the items below:

Service	Total
Basic Financial Statements	\$5,100
Single Audit Act, one program	5,100
Scope increase due to ferry transit services	3,600
Total:	<u>\$13,800</u>

2012 Fees – Our recurring fees have been adjusted only for the change in the services component of the Bay Area Cost of Living Index for the San Francisco Bay Area of 2.4%, except as noted below.

PDF Copies of Reports – scanned copies of the above reports are available upon request at no charge. These scanned copies (300 dpi) are not high quality and the file sizes may be large, depending on the length of the report. **If you intend to post the BFS to your website, we do not recommend using the scanned copies to do so – one of the options below should be used.** If you would like a higher quality PDF file, there are three options. The fees shown below are based on a Basic Financial Report. **Please contact us if you would like us to prepare one of the following three options** for your BFS, or if you'd like a quote for the preparation of a file for another type of report. In addition, should you decide on one of the following options, please let us know at least a week in advance.

1. INDIVIDUAL PDF BFS PAGES - \$200

Print words, numbers, and statistics to PDF, then scan anything not available digitally (letterhead, award certificates, etc). Use WinZIP to archive individual PDF prints "as is" and send them to you, and you will then compile report. This option requires that you have a full copy of Adobe Acrobat Standard or Professional, and knowledge about the program, as well as a way to "unzip" the files. This should be used if you are willing to assemble the PDF report, but still would like to have a high quality "printed to PDF" BFS.

Quality: Medium-High
Time to Complete: 2-3 business days
File size: 1-2MB (varies with number of pages scanned)

2. WEB PDF BFS - \$750

Print words, numbers, and statistics to PDF, then scan anything not available digitally (letterhead, award certificates, etc). Compile into one document with embedded page numbers, linked Table of Contents, and PDF bookmarks for easy document navigation. This option is ideal for placement on a website or distribution via e-mail.

Quality: Medium-High (depending on number of pages scanned)
Time to Complete: 7-10 business days
File size: ~ 2MB (varies with number of pages scanned)

3. CAMERA READY PDF BFS - \$1,000

Print words, numbers, and statistics to PDF and compile into one document with embedded page numbers. Insert available digital pages (letterhead, award certificates, etc) but *no scanning* as we do not have the facilities to scan documents at "camera ready" quality. This option could be sent to any print shop to generate an official bound copy, for placement on a website, or distribution via e-mail.

Quality: Very High

Time to Complete: 7-10 business days

File size: < 1MB

Additional Services - The above fees are for audit and assurance services described in the accompanying engagement letter. They do not include fees for assisting with closing the books nor providing other accounting services. Should the Authority require assistance beyond audit services we will provide a cost estimate before proceeding.

Report Finalization - Our fee is based on our understanding that all information and materials necessary to finalize all our reports will be provided to us before we complete our year-end fieldwork in your offices. In the case of CAFRs, this includes all the materials and information required to print the CAFR. As in the past, we will provide final drafts of all our reports before we leave your offices. We will schedule a Final Changes Meeting with you for a date no more than two weeks after we complete our fieldwork. At that meeting, we will finalize all reports for printing. After that date, report changes you make and changes required because information was not received timely will be billed at our normal hourly rates.

Post-Closing Client Adjusting Entries - The first step in our year-end audit is the preparation of financial statement drafts from your final closing trial balance. That means any entries you make after handing us your closing trial balance must be handled as audit adjustments, or in extreme cases, by re-inputting the entire trial balance, even if the amounts are immaterial. If you make such entries and the amounts are in fact immaterial, we will bill you for the costs of the adjustments or re-input at our normal hourly rates.

Recurring Audit Adjustments - Each year we include the prior year's adjusting entries as new steps in our Closing Checklist, so that you can incorporate these entries in your closing. If we are required to continue to make these same adjustments as part of this year's audit, we will bill for this service at our normal hourly rates.

Single Audit Act - Additional programs will each cost \$5,100 in 2012, unless there are other factors which add to that program's cost; in that case, we will provide a cost estimate before proceeding.

Grant Programs Requiring Separate Audit - Grant programs requiring separate audits represent a significant increase in work scope, and fees for these audits vary based on the grant requirements. If you wish us to determine and identify which programs are subject to audit, we will bill you for that time at our normal hourly rates.

Changes in Authority Personnel - Our experience is that changes and /or reductions in Finance Department staff can have a pronounced impact on costs of performing the audit. If such changes occur, we will meet with you to assess their impact and arrive at a new fee before we begin the next phase of our work. However, we reserve the right to revisit this subject at the conclusion of the audit, based on your actual performance and our actual costs.



POWELL & SPAFFORD, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

System Review Report

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

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

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

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

Powell & Spafford, LLP

October 5, 2011

July 20, 2012

To the Board of Directors of the
San Francisco Bay Area Water Emergency Transit Authority
Pier 9, Suite 111
The Embarcadero
San Francisco, CA 94111

Dear Board Members:

We have been engaged to conduct an audit of the Authority's financial statements for the year ended June 30, 2012. New audit standards require us to communicate with the Board or other appropriate persons about the audit process. Topics include audit scope, management representations, fraud considerations and audit timing. We have presented an overview of these below:

Audit Scope, Management Representations and Fraud Considerations

Accompanying this letter is a copy of our engagement letter approved by the Board on June 7, 2012. It defines what an audit of the Authority's financial statements is and discusses management representations, internal control, fraud considerations and management responsibilities for data contained in financial statements. It is the standard used when a financial statement audit is to be conducted. This letter and the attachment are clarifications of the audit process contemplated in the engagement we have entered into with the Authority pursuant to the Board's approval.

Audit Timing

We have met with staff and agreed to the following schedule:

- June 2012 Interim audit fieldwork completed
- September 17, 2012: Final audit fieldwork is scheduled
- Prior to the End of December: Issuance of our opinions and a presentation to the Board

Fraud Risk Considerations

Audit standards require us to have discussions with our clients to discuss both the potential for and any occurrences of fraud and the impact on financial statements. "Fraud" is defined as an intentional act that results in a *material misstatement in financial statements* that are subject to audit. In this case, fraud includes two concepts. The first is fraudulent financial reporting, including misapplication of accounting principles, the omission of data or disclosures, fictitious transactions or sham transactions and concealment of relevant data. The second concept is that of misappropriations of assets, including theft, its concealment and conversion to cash.

In accordance with audit standards, we met with management and asked:

- a. Is management aware of known instances of fraud?
- b. Are there areas management believe are “Susceptible to Fraud”?
 - i. Areas presumed susceptible to fraud under audit standards:
 - i. Improper revenue recognition
 - ii. Management override of Internal Control

Communicating the Audit Process

We discussed the above topics with staff and wish to do so with you to provide representative of the Board an opportunity to participate in the audit process prior to its completion.

I look forward to our discussion.

Regards,

A handwritten signature in black ink, appearing to read 'Cory A. Biggs', with a stylized flourish at the end.

Cory A. Biggs, CEO

Enclosure

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
John Sindzinski, Manager Planning & Development
Chad Mason, Planner/Analyst

SUBJECT: Update on WETA 2012 – 2021 Short Range Transit Plan

Recommendation

There is no action requested of the Board with this informational item.

Background

Federal statutes require that the Metropolitan Transportation Commission (MTC), in partnership with the state and with local agencies, develop and periodically update a long-range Regional Transportation Plan (RTP), and a Transportation Improvement Program (TIP) which implements the RTP by programming federal funds to transportation projects contained in the RTP. In order to effectively execute these planning and fund programming responsibilities, MTC, in cooperation with Region IX of the Federal Transit Administration (FTA), requires each transit operator receiving federal funding to prepare, adopt, and submit an SRTP to MTC. The main purposes of the SRTP are to:

- Serve as a management and policy document for the transit operator, as well as a means of annually providing FTA and MTC with information necessary to meet regional fund programming and planning requirements;
- Describe and justify the transit operator's capital and operating budgets;
- Submit requests for federal, state, and regional funds for capital and operating purposes through MTC's Transit Capital Priorities funding program, and in the MTC TIP;
- Assess an operator's financial capacity to carry out proposed levels of operations and the associated capital improvement plan. This assists FTA in making its own assessment of an operator's financial capacity;
- Provide MTC with information on projects and programs of regional significance, such as its Resolution 3434 Transit Expansion program; and
- Provide the basis for inclusion of an operator's capital and operating programs in the MTC's RTP.

In addition, the goals, objectives, and standards specified in an operator's SRTP serve as the basis for MTC's assessment of the operator's performance during MTC's Triennial Performance Audit of transit operators.

Discussion

WETA is required to prepare its first Short Range Transit Plan (SRTP) now that we operate the Alameda, Vallejo and South San Francisco services. The 2012 SRTP is a ten-year projection (2012 – 2021) of transit capital and operating expenses and revenues, along with supporting

information about WETA. The SRTP consists of five main chapters as prescribed by MTC and summarized below:

- **Overview of Transit System** - This chapter presents an overview of the organizational structure and a description of WETA services. This chapter also includes descriptions of the existing fare structure, vessel fleet and facilities.
- **Goals, Objectives and Standards** - This chapter identifies WETA's core goal to plan, implement and operate productive, effective and cost-efficient regional ferry transit and emergency response services consistent with demand and available resources. The chapter also establishes service objectives and standards for reliability, safety, effectiveness and efficiency.
- **Service and System Evaluation** - This chapter presents an evaluation of WETA service statistics and performance metrics according to the standards presented in the Goals, Objectives and Standards chapter. A five-year retrospective of service statistics and performance metrics are presented depending on the availability of past service data.
- **Operations Plan and Budget** - This chapter presents the operating cost and revenue projections for the ten-year period between FY 2012/13 through FY 2021/22. Current (FY 2012/13) year budget figures are the basis for future projections.
- **Capital Improvement Program** - This chapter presents an overview of WETA's capital funding and program needs and an outline of planned capital improvements identified within discrete program areas. The 10-Year Capital Improvement Program (CIP) consists of a prioritized list of capital improvements, covering FY 2012/13 through FY 2021/22 that WETA plans to implement to support its regional program of public transit and emergency response ferry services. The capital program includes both one-time expansion and cyclical rehabilitation and replacement needs for the combined WETA capital assets.

Staff is working with Nelson\Nygaard Consulting Associates, Inc., to prepare the SRTP document. At this time, the draft chapters of the SRTP are in various stages of completion. Staff anticipates completion of a full draft SRTP by the end of August which will be brought forward for review and approval by the Board of Directors in September or October.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Release of a Request for Qualifications for Environmental Review Services for the Vallejo Ferry Maintenance Facility

Recommendation

Authorize, by motion, the release of a Request for Qualifications for environmental review services for the Vallejo Ferry Maintenance Facility.

Background/Discussion

The Vallejo Ferry Maintenance Facility consists of the development of a new ferry maintenance facility for the Vallejo Ferry system, to be owned and operated by the WETA. The facility is identified in the 2009 WETA Transition Plan and would support operations of North Bay services. The new facility would replace the existing maintenance facility at a location approximately half a mile downstream from the existing maintenance facility. This project was previously managed by the City of Vallejo.

On June 7, 2012, the Board approved amendment Number 1 to the Ferry Service Operations Transfer Agreement with the City of Vallejo that included a revised approach to the project management and to the lease structure for the existing and proposed maintenance facilities. Accordingly, staff has entered into lease negotiations with Lennar Mare Island (LMI) for the lease of landside maintenance facility. Staff is also coordinating with the US Navy for lease of submerged lands required for the waterside maintenance facility.

On July 11, 2012, WETA received a letter from the Navy notifying the Navy's intent to grant a lease for the submerged lands dependent on compliance with the National Environmental Policy Act (NEPA) and Comprehensive Environmental Response, Compensation and Liability Act (CERCLA). The Navy requires preparation of an Environmental Assessment (EA) prior to approving a lease for the submerged lands. To date, no NEPA documentation has been prepared for the proposed facility. Staff is continuing to coordinate with the Navy on the scope of the EA. WETA anticipates the EA will focus on water and biological resources, hazardous materials and cumulative effects of the waterside component of the project. Extensive documentation has been prepared for the project that can be used as a basis for preparation of the EA.

This item authorizes release of a Request for Qualifications for professional services to complete the EA for this project. Selection of contractors will be based on qualifications, financial capacity, and ability to meet project schedule, cost, and related factors. If approved, staff expects the following schedule:

Issue RFQ:	August 2012
Board Award of Contract:	October 2012
Issue Notice to Proceed:	October 2012
Environmental Analysis Complete:	March 2012

Financial Impact

The release of the RFQ document does not commit the agency to make an award, which will be the matter of subsequent Board actions. Estimates suggest that the total cost for this environmental analysis of approximately \$100,000 to \$150,000.

END