



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, June 7, 2012 at 1:00 P.M.

San Francisco Bay Area
Water Emergency Transportation Authority
9 Pier, Suite 111
San Francisco

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

AGENDA

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

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

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

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

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

**Water Emergency Transportation Authority
June 7, 2012 Meeting of the Board of Directors**

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| 6. <u>CONSENT CALENDAR</u> <ul style="list-style-type: none">a. Minutes May 3, 2012b. Overview of the FY 2011/12 Financial Audit Scope and Processc. Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2012/13 Regional Measure 1 and Regional Measure 2 Operating Funds | <i>Motion/Action</i> |
| 7. <u>APPROVE FISCAL YEAR 2012/13 OPERATING AND CAPITAL BUDGET</u> | <i>Motion</i> |
| 8. <u>APPROVE PURCHASE OF FY 2012/13 COMMERCIAL INSURANCE POLICIES</u> | <i>Resolution</i> |
| 9. <u>APPROVE AMENDMENT TO THE VALLEJO FERRY SERVICE OPERATIONS TRANSFER AGREEMENT</u> | <i>Resolution</i> |
| 10. <u>AUTHORIZE THE PARTIAL REDEMPTION OF THE SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY REVENUE BOND, SERIES 2010 AND THE EXECUTION AND DELIVERY OF THE FIRST SUPPLEMENT TO THE TRUST AGREEMENT</u> | <i>Resolution</i> |
| 11. <u>APPROVE CONTRACT AMENDMENT WITH NEMATODE MEDIA, LLC (DBA BAY CROSSINGS) FOR ADVERTISING IN BAY CROSSINGS AND OTHER PUBLIC INFORMATION AND MARKETING SERVICES IN FY 2012/13</u> | <i>Resolution</i> |
| 12. <u>APPROVE CONTRACT AMENDMENT WITH BROAD & GUSMAN, LLP FOR THE PROVISION OF STATE LEGISLATIVE REPRESENTATION IN FY 2012/13</u> | <i>Resolution</i> |
| 13. <u>APPROVE CONTRACT AMENDMENT WITH NOSSAMAN LLP FOR THE PROVISION OF LEGAL SERVICES IN FY 2011/12 AND 2012/13</u> | <i>Resolution</i> |
| 14. <u>RECESS INTO CLOSED SESSION</u> <ul style="list-style-type: none">a. <u>PUBLIC EMPLOYEE PERFORMANCE EVALUATION</u>
Title: Executive Directorb. <u>CONFERENCE WITH REAL PROPERTY NEGOTIATORS</u>
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 | <div style="margin-bottom: 10px;"><i>Action
To Be Determined</i></div> <div><i>Action
To Be Determined</i></div> |
| 15. <u>REPORT OF ACTIVITY IN CLOSED SESSION</u>
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 | <i>Action
To Be Determined</i> |

Water Emergency Transportation Authority
June 7, 2012 Meeting of the Board of Directors

closed session.

16. 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: June 7, 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 escrow requirements for the Alameda Transition were completed in April and the Alameda services were transferred to WETA on April 29, 2011. The WETA Board of Directors approved the Vallejo Transfer Agreement on October 6, and the Vallejo City Council approved it on October 11. WETA legal counsel and staff are working to finalize the document for execution and continue to work on necessary due diligence and pre-closing activities required prior to the close of escrow and transfer of the service to WETA. The system transfer is anticipated to be completed by June 30, 2012.

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. One of these vessels is currently chartered to the City of Vallejo for utilization in the Vallejo Baylink service while two of their ferries undergo midlife rehabilitation work.

South San Francisco Ferry Service - This service will provide access to biotech and other jobs in South San Francisco for East Bay commuters and expand the geographic reach of emergency ferry transportation response capabilities on the San Francisco Bay. In late May WETA received the Certificate of Occupancy from the City of South San Francisco and the contractors are preparing the site for opening on June 4 for the launch of the new East Bay to South San Francisco service.

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. Next steps to complete the Final EIS/EIR include review of administrative drafts, legal review, and 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.

Staff recently met with TIDA to review operating and budgeting scenarios for future Treasure Island ferry service. 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 as early as July 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. Guide piles, floats and gangways have been installed and final project work was completed in November 2011.

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.

FTA recently initiated formal consultation with the National Marine Fisheries Service (NMFS) and informal consultation with the US Fish and Wildlife Service (USFWS) on behalf of WETA as required under Section 7 of Endangered Species Act. Pending completion of these consultation processes and the anticipated issuance of a Biological Opinion by NMFS, WETA will be able 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 is working with the City to outline a process for continued interaction and coordination of any future ferry terminal work as the Transit Center project moves forward. On May 22, staff attended and presented to the Hercules City Council an overview of WETA activities and the status of the Hercules project.

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. Concept designs for each proposed terminal are informed by projections of the ridership forecast model update currently in process. Ridership projections are used to determine appropriate capacity for terminal components such as, parking facilities, terminal access, passenger waiting areas and passenger loading and unloading facilities. The updated ridership projections are also used to forecast appropriate service levels and related operational costs for the potential new services. Recent and on-going activities for these expansion projects include:

- Staff is working with the City of Antioch and the design and environmental consultants to prepare a site feasibility study to explore terminal options in the City of Antioch.
- On May 4, staff met with Redwood City officials to discuss next steps and options for the Redwood City terminal project.

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. Two public scoping meetings will be held in the City of Richmond on Thursday, June 21. The purpose of the meetings is to present information on the proposed Richmond Ferry Terminal and Service and to provide an opportunity for public comment on the scope of the environmental analysis to be conducted in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA).

Clipper Fare Media Implementation – WETA is coordinating with MTC to implement Clipper fare payment media for all San Francisco Bay Ferry services. Staff continues to oversee installation of Clipper fare collection equipment for the new South San Francisco and existing AOFS and Harbor Bay services. Once revenue ready, Clipper will be first implemented for the new South San Francisco service. Staff is currently developing a timeframe and strategy for offering Clipper as a fare payment option on the AOFS, Harbor Bay, and Vallejo services.

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. The draft SRTP or major psections of the SRTP will be presented to the Board later this summer.

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 is now operational and has been since July 2011. All the minor adjustments and repairs by the contractor have been completed. Staff is recommending project acceptance to City Council, which is anticipated in June.

The Parking Structure will be constructed in two phases. Phase A Parking Structure is nearly complete. The canopies over the elevator openings and stair near Santa Clara Street will be add-ons to the project. These protective measures will help minimize wind driven rain from entering the structure. This work has been procured to the contractor and is anticipated to take 12 – 16 weeks to complete. Certain aspects of the project have been opened to the public such as the kiss and ride lot, surface parking lot near Maine Street and the facilities in the public right of way.

Phase B of the parking structure is still dependent on the relocation of the U.S. Post Office. A parking management plan has been developed by the City's consultant and a public meeting was held on May 31, 2012 to inform the public of the recommended fee to park in the City's surface lot and parking structure. The City Council is scheduled to act on this fee soon after. Implementation of this plan is anticipated to occur later this Summer.

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 discussed between the City, WETA and LMI, 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 just completed initial engineering cost estimates and schedules for all project phases and the will secure all required permits and environmental clearances. These estimates are currently being reviewed. GHD is coordinating directly with the City and WETA as required to move all work forward. Project will be design/build under WETA's authority. Lennar will coordinate with the US Navy for Phase Zero work. Meeting to discuss the US Navy lease is being set up for June 11.

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 now have 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.

OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS

On May 4, staff met with Redwood City officials to discuss next steps and options for the Redwood City terminal project.

On May 8, Lauren Gularte attended the San Francisco Chamber of Commerce 2012 Business Showcase at the Union Square Hilton.

On May 10, Keith Stahnke attended the MTC Trans Response Plan (TRP) Steering Committee Meeting.

On May 22, Ernest Sanchez and Lauren Gularte attended an Oyster Point Marina Tenant's Meeting to provide information on the new South San Francisco ferry service to residents of the Oyster Point Marina.

On May 24, Nina Rannells attended the Women's Transportation Seminar Annual Scholarship Dinner Event.

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 and has requested a presentation on the event to be provided by City staff at an upcoming Board meeting.

ADMINISTRATION

Attached are the monthly financial statements for FY 2011/12 through April 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 04/30/2012

		% of Year Elapsed			83.6%
	Current Month	Prior Year Actual	2011/12 Budget	2011/12 Actual	% of Budget
Operating Expenses:					
Planning & General Administration:					
Wages and Fringe Benefits	101,962	1,451,663	1,546,000	1,041,199	67.3%
Services*	119,769	2,712,835	2,499,000	1,476,280	59.1%
Materials and Supplies	12,477	32,616	51,000	23,101	45.3%
Utilities	635	12,032	15,000	9,413	62.8%
Insurance	-	29,767	33,000	28,578	86.6%
Miscellaneous	66,529	42,390	128,000	91,628	71.6%
Leases and Rentals	21,674	290,944	298,000	226,659	76.1%
Sub-Total Planning & Gen Admin	323,045	4,572,247	4,570,000	2,896,858	63.4%
Ferry Operation:					
Vessel Operation**	412,543		4,952,978	3,526,951	71.2%
Vessel Maintenance**	82,493		2,176,165	1,332,932	61.3%
Facility Maintenance**	168		445,344	363,130	81.5%
General & Administration**	74,523		635,956	638,881	100.5%
Sub-Total Ferry Operation	569,727	-	8,210,443	5,861,893	71.4%
Total Operating Expenses	892,772	4,572,247	12,780,443	8,758,750	68.5%
Total Capital Expenses	752,378	21,835,930	24,392,774	11,231,397	46.0%
Total Expenses	1,645,150	26,408,177	37,173,217	19,990,147	53.8%

Operating Revenues					
Fare Revenue**	301,614		3,032,383	2,672,198	88.1%
Local - Bridge Toll *, **	591,158	4,572,247	9,169,736	6,008,230	65.5%
Local - TIF	-		500,000	-	0.0%
Local - LLAD	-		78,194	78,192	100.0%
Local - Other Revenue	-		130	130	100.0%
Total Operating Revenues	892,772	4,572,247	12,780,443	8,758,750	68.5%
Total Capital Revenues	752,378	21,835,930	24,392,774	11,231,397	46.0%
Total Revenues	1,645,150	26,408,177	37,173,217	19,990,147	53.8%

* Budget increased to include allocation of \$300,000 RM2 Marketing Program funds to support activities to promo WETA's ferry services.

** Budget increased to include South San Francisco ferry service.

San Francisco Bay Area Water Emergency Transportation Authority
FY 2011/12 Statement of Capital Revenues and Expenses
For Period Ending 04/30/2012

Project Description	Current Month	Project Budget	Prior Year Actual	2011/12 Budget	2011/12 Actual	Future Year	% of Project
Capital Expenses:							
SSF Mitigation Study		275,000	42,459	232,541	2,221	0	16%
SSF Terminal Construction	527,019	26,000,000	15,414,540	10,509,460	7,901,128	76,000	90%
Berkeley Environ/Conceptual Design	25,847	2,304,700	1,785,235	519,465	174,963	-	85%
Berkeley Terminal Final Design	-	3,200,000		500,000	-	2,700,000	0%
Hercules Environ/Conceptual Design	598	1,080,000	989,932	90,068	1,128	-	92%
Pier 9 Mooring/Floats	1,802	3,150,000	1,733,540	1,416,460	1,385,716	-	99%
Environmental Studies/Conceptual Design	17,238	3,250,000	251,465	2,998,535	152,365	-	12%
Facility Maintenance**	108,018	2,600,000	362,872	2,237,128	177,546	-	21%
General & Administration**	-	30,000,000	-	130,000	-	29,870,000	0%
Passenger Float - Clay Street	3,339	2,410,000	-	1,500,000	30,295	910,000	1%
Passenger Float - Main Street	-	90,000	90,000	-	-	-	100%
S.F. Berthing - Environ/Conceptual Design	63,479	3,300,000	950,349	1,861,651	749,551	488,000	52%
Vessel Engine Overhaul	-	1,103,564	-	1,103,564	153,014	-	14%
Vessel Mid-Life Overhaul - Bay Breeze	4,318	5,015,000	-	515,000	49,256	4,500,000	1%
Channel Dredging - Harbor Bay	722	250,000	-	250,000	5,415	-	2%
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	752,378	85,102,704	21,835,930	24,392,774	11,231,397	38,874,000	
Capital Revenues:							
Federal	182,002	23,233,404	8,839,892	7,794,447	3,640,127	6,599,065	54%
State	277,166	42,078,461	4,775,865	9,582,205	1,392,570	27,720,392	15%
Local - Bridge Toll	167,081	7,616,713	4,497,839	2,433,169	1,709,713	685,705	81%
Local - San Mateo Sales Tax Measure A	125,265	10,935,686	3,546,535	4,420,314	4,326,743	2,968,837	72%
Local - Alameda Sales Tax Measure B	864	1,238,440	175,800	162,640	162,244	900,000	27%
Total Capital Revenues	752,378	85,102,704	21,835,930	24,392,774	11,231,397	38,874,000	

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

MINUTES OF THE BOARD OF DIRECTORS MEETING

(May 3, 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 1:10 p.m. Directors present were Vice Chair Anthony Intintoli, Director Gerald Bellows and Director Beverly Johnson. WETA counsel Stanley Taylor III of Nossaman LLP led the Pledge of Allegiance.

2. REPORT OF BOARD CHAIR

None.

3. REPORT OF DIRECTORS

None.

4. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and offered to answer any questions.

Chair Johnson requested a legislative update on the bill creating staggered terms for Boardmembers. Mr. Taylor reported that the bill had passed out of the Assembly with amendments to the provisions as had been discussed with the Board, and was currently being reviewed in the Appropriations Committee before moving to the Senate floor. He said that the bill appeared to be moving through without opposition and was among the first to do so.

Chair Johnson then asked for an update regarding WETA's role in the America's Cup. Planner/Analyst Chad Mason replied that WETA was working with the City of San Francisco on the plan, adding that the event was in the process of being significantly scaled back. Operations Manager Keith Stahnke added that only three or four teams were expected to be competing for the Cup, and that the Louis Vuitton Cup would begin in July 2013 followed by the final America's Cup race on the Sunday during that year's Fleet Week.

Director Johnson asked why the event was so much smaller than expected. Mr. Stahnke said that the event sponsors had faced significant challenges with event funding. He added that the races in San Francisco Bay required a different kind of boat which limited the number of teams which would be able to compete. Director Bellows explained that these boats were designed with wings instead of traditional sails and that many competitors may be hesitant to invest in new technology. Regarding the fundraising issue, Mr. Mason added that fundraising results had only amounted to half of what had been projected, which will limit the amount of funds for transportation for the event.

Director Johnson asked if the event was at risk for falling apart altogether. Mr. Mason indicated that it was not and added that a representative from SFMTA along with a representative from the Mayor's Office or America's Cup would be available to present an overview at the Board's request. Chair Johnson asked that a presentation be scheduled for a future Board meeting.

Chair Johnson then requested an update on the status of the June 4 launch of the South San

Francisco ferry service. Manager of Transportation Services Ernest Sanchez reported that there had been a successful luncheon event and cruise for South San Francisco Transit Coordinators on April 25, and that he was currently working with Shirley Douglas Consulting and MacKenzie Communications on finalizing details of the inaugural event. He noted that the program would include speakers from 10:00 to 11:00 a.m. and that Jackie Speier had been confirmed as one of the featured guests. Mr. Sanchez added that from 11:00 to noon the terminal would be open for viewing and that two San Francisco Bay Ferry boats would be present, that there would be a light lunch, a brief cruise, and presentations about the terminal and San Francisco Bay Ferry's overall program.

Mr. Sanchez said that the promotion for the service would include two weeks of radio spots, a new website, brochures and a free ride promotion, adding that the overall program for the service roll-out was very ambitious. Chair Johnson asked about the rebranding of the vessels and Mr. Sanchez reported that the process was underway but that not all vessels would be rebranded in time for the launch.

Chair Johnson asked if there would be any high school bands performing. Director Johnson agreed that that would be a great addition to the launch. Chair Johnson said that she would make some calls and Mr. Sanchez offered her his assistance.

Chair Johnson also asked to review the guest list and that staff make sure that no key people were omitted. Ms. Rannells said that she would provide a copy of the invitee list to Chair Johnson.

5. CONSENT CALENDAR

Director Bellows made a motion to approve the minutes from the April 5, 2012 Board of Directors meeting. Vice Chair Intintoli seconded the motion. Director Johnson abstained and the item carried with three votes.

6. AWARD OF FLOAT CONSTRUCTION CONTRACT FOR THE CLAY STREET OAKLAND PASSENGER FLOAT REPLACEMENT

Mr. Stahnke presented this item requesting Board approval of an award for the contract for the construction of the Clay Street Oakland Passenger Float Replacement to Manson Construction in the amount of \$2,128,300, to establish a construction contingency fund in the amount of \$159,700 and to authorize the Executive Director to negotiate and enter into the contract.

Director Bellows reviewed the scoring summary and asked for confirmation that each category was worth 50 points. Mr. Stahnke said that it was. Director Johnson asked how Salt River Construction received a 5.5 as a score in the reference category when they had worked for WETA before. Manager of Planning and Development John Sindzinski explained that as a requirement of the RFP process proposers were required to submit references, and Salt River had not included WETA as a part of its submittal.

Director Johnson asked where the float would be built. Mr. Stahnke said that it would be constructed at Bay Ship & Yacht. Director Johnson said that she was pleased that it would be built locally.

Mr. Stahnke noted that Salt River had indicated their intent to protest the award. Vice Chair Intintoli asked for an explanation of the protest process. Mr. Taylor replied that both the RFP and WETA's administrative code outlined a process for protestors. He reviewed the process and noted that although there were no hard deadlines involved, WETA would seek to move it forward as quickly as possible and with reasonable care and caution. He noted that the Board's approval of this item would be conditioned on the Executive Director's finding, adding that if she dismissed the protest she would be authorized to enter into the contract but that if she found in favor of the protestor, the

item would then come back to the Board. Mr. Taylor recommended that the Board approve the item conditionally upon resolution of the protest.

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

7. APPROVE AMENDMENT WITH THE ASSOCIATION OF BAY AREA GOVERNMENTS FOR THE PROVISION OF ACCOUNTING SUPPORT SERVICES

Finance and Grants Manager Lynne Yu presented this item requesting that the Board approve Amendment No. 11 to the agreement with the Association of Bay Area Governments in the amount of \$100,000 for the provision of accounting support services for FY 2012/13 and to authorize the Executive Director to execute the amendment.

Director Bellows asked if the agreement was in one year increments. Ms. Rannells said that it was. Ms. Yu said that every year WETA reaches out to ABAG as well as to the auditor for an estimated budget for the next year. She added that WETA is only billed for actual services provided, and the amount has consistently come in under budget.

Director Johnson made a motion to approve the item. Director Bellows seconded the motion and the item carried unanimously.

8. APPROVE AMENDMENT WITH LINDSAY, HART, NEIL & WEIGLER, LLP FOR THE PROVISION OF FEDERAL LEGISLATIVE REPRESENTATION

Ms. Rannells presented this item requesting Board approval of Amendment No. 11 to the agreement with Lindsay, Hart, Neil & Weigler, LLP to extend the term of their contract through FY 2012/13 for an amount of \$160,000 and to authorize the Executive Director to execute the amendment. She noted her satisfaction with the services the firm had provided over the history of their relationship with the WTA and WETA.

Public Comment

Veronica Sanchez of Masters, Mates & Pilots noted that she had enjoyed working with Mr. Friedmann and asked if WETA would request an update on port security grants be included in his next federal legislative update to the Board. Ms. Rannells said that she would note the request.

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

9. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Chair Johnson called the meeting into closed session at 2:00 p.m. Upon reopening of the meeting at 2:25 p.m. she reported that no action had been taken.

10. ADJOURNMENT

All business having concluded, the meeting was adjourned at 2:25 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) 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 2011/12 financial statements in June 2012 and 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. Also included in **Attachment A** is Maze's most recent peer review report.

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: Wina Rannells
Title: EXECUTIVE DIRECTOR
Date: 5/8/12



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

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2012/13 Regional Measure 1 and Regional Measure 2 Operating Funds

Recommendation

Staff recommends that the Board approve the following actions relative to securing operating funds to support WETA's FY 2012/13 Operating Budget:

1. Authorize the Executive Director to file an application with the Metropolitan Transportation Commission (MTC) for a total of \$2.85 million FY 2012/13 Regional Measure 1 five percent unrestricted State funds (RM1 - 5%); and
2. Authorize the Executive Director to file an application with MTC for a total of \$16.13 million FY 2012/13 Region Measure 2 (RM2) operating funds; and
3. Authorize the Executive Director to take any other related actions as may be required to secure these funds.

Background

In November 1989, voters approved Regional Measure 1 (RM1), authorizing a toll increase on all state owned bridges in the Bay Area. Five percent (RM1-5%) of the revenue derived from this toll increase is made available for allocation by MTC for ferry transit operations and the San Francisco Bay Trail.

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

Senate Bill 976 stipulates that all RM1 and RM2 funds for ferries are to be allocated WETA as of January 1, 2008.

Discussion

This item authorizes staff to prepare and submit applications for available Regional Measure 1 and Regional Measure 2 operating funds required to support agency planning, administration and operating requirements in FY 2012/13.

RM1 5% Operating Funds

WETA is eligible to receive annual allocation of RM1 - 5% funds to support the Alameda/Oakland, Alameda Harbor Bay and Vallejo ferry services. MTC estimates a total of \$2.85 million is available in FY2012/13 to support these services.

FY 2012/12 RM2 Operating Funds

WETA is eligible to receive annual allocation of RM2 operating funds to support 1) general agency administrative and planning activities and 2) transbay ferry services. As identified in the FY 2012/13 Operating Budget, RM2 operating funds will be requested for:

- WETA Planning and General Administration \$ 3.00 million
- Transbay Ferry Services \$13.00 million

WETA is also requesting that MTC approve a regional discretionary award and allocation of \$131,000 FY 2012/13 RM2 Marketing Funds to launch and promote the new South San Francisco ferry service during its' first year of operation. Planned activities include such items as development and distribution of collateral materials, radio spots, web-based advertising and direct outreach through coordination with Oyster Point employers and transit events.

WETA's FY 2012/13 applications for operating assistance include RM1 Application, RM2 Operating Assistance Proposal, Certifications and Assurances and Board Resolution. The Board Resolution contains the following key items:

- Grants the Executive Director, or her designee, authority to execute the allocation requests and transmit it to MTC;
- Assures MTC that there is no legal impediment for the Authority to make these requests and that there is no pending or threatened litigation;
- Commits WETA to follow MTC's procedures for seeking allocation and reimbursement of funds; and
- Indemnifies MTC against claims resulting from performance of services funded with the requested allocations. This is consistent with language required of other grant agreements and does not shift any new risk to WETA.

Fiscal Impact

This item supports the applications with MTC for RM 1 - 5% and RM 2 operating funds to support WETA's FY 2012/13 Operating Budget.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Lynne Yu, Manager, Finance & Grants
Lauren Duran Gularte, Administrative/Policy Analyst

SUBJECT: Approve Fiscal Year 2012/13 Operating and Capital Budget

Recommendation

Staff recommends that the Board approve, by motion, the Fiscal Year (FY) 2012/13 Operating and Capital Budget.

Background

Chapter 5, Article 4, Section 66540.41 of the Authority's administrative code requires preparation and implementation of an annual budget to support the agency's operation. This item contains the proposed combined Operating and Capital Budget for FY 2012/13.

Discussion

The proposed FY 2012/13 Budget contains \$50.12 million in spending proposals including \$28.91 million in operating expenses and \$21.21 million in capital project expenses. The expenses are projected to be funded by \$19.29 million bridge tolls, \$9.94 million state funds, \$9.72 million fare revenue, \$9.66 million federal funds, \$1.31 million sales tax revenues, \$206,000 local taxes and assessments and \$2,000 other revenue.

The primary focus of our budgeted work program will be to support the management and operation of the four San Francisco Bay Ferry Routes: Alameda/Oakland – San Francisco, Alameda/Oakland – South San Francisco, Alameda Harbor Bay – San Francisco and Vallejo – San Francisco. Significant effort will be made to fully integrate Vallejo service into the operation and to manage and monitor the first year of the new South San Francisco service. Planning and administrative work will include evaluation of service fare structures, implementation of Clipper electronic fare collection throughout the system and investigation of opportunities to achieve operating system efficiencies. Efforts will also be focused on implementing system rehabilitation and core capital infrastructure projects and continuing environmental planning and design work associated with potential future expansion services.

Overview of Operating Budget

The proposed FY 2012/13 Operating Budget, as provided in **Attachment 1**, totals \$28.91 million. It includes \$3.13 million to support agency general planning and administrative expenses such as staff wages and benefits, professional services such as accounting, legal support, planning consultants, state and federal legislative support, materials & supplies, utilities, insurance, and leases & rentals. It also includes \$25.78 million to support the operations of the San Francisco Bay Ferry (SFBF) from July 2012 to June 2013. In FY 2012/13, SFBF will operate 11 vessels on the following routes carrying a projected total of 1.33 million passengers as follows:

- Alameda/Oakland Ferry Service (AOFS): 471,980 passengers
- Harbor Bay Ferry Service (AHBF): 175,600 passengers
- Vallejo Ferry Service (Vallejo): 576,670 passengers
- South San Francisco Ferry Service (SSF): 104,520 passengers

The proposed FY 2012/13 Operating Revenue consists of:

- Fare Revenue - \$9.72 million
- Bridge Toll Revenue - \$18.99 million
- Local Property Tax and Assessments - \$206,000
- Other Revenue - \$2,000

Overview of Capital Projects:

The proposed FY 2012/13 Capital Budget, as provided in **Attachment 2**, totals \$21.2 million. New projects included in the proposed FY 2012/13 Capital Budget include the repair and rehabilitation of gangways and floats at the Main Street, Harbor Bay and Vallejo ferry terminals, a new ferry vessel to replace the Harbor Bay Express II and the construction of the North Bay Maintenance and Operations facility at Mare Island in Vallejo; a project transferred to WETA from the City of Vallejo with the system transfer on July 1. Major work and financial investment in FY 2012/13 focuses on finalizing the environmental and conceptual design work for several projects including new terminal sites in Richmond and Berkeley, expansion of the San Francisco Ferry Terminal berthing and development of the Central Bay Maintenance and Operations Facility at Alameda Point. Initiation of final design work for these projects is dependent upon receipt of required environmental approvals and Board authorization to proceed. Projects planned for completion in FY 2012/13 include the construction of the Clay Street Replacement Float, Encinal Engine Overhaul, Bay Breeze Mid-Life Refurbishment, Channel Dredging and Terminal Facility Improvements at the Harbor Bay ferry terminal, and the purchase and installation of Inflatable Buoyancy Apparatus and Communications Equipment.

Fiscal Impact

This item establishes the work plan and related annual expenses for FY 2012/13.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Purchase of FY 2012/13 Commercial Insurance Policies

Recommendation

Approve the purchase of the following commercial insurance policies for FY 2012/13 for a total cost not to exceed \$ 175,000:

- 1) Marine Commercial Liability including Terminal Operators and Automobile Liability
- 2) Excess Marine Liabilities
- 3) Property Insurance
- 4) Docks, Pilings and Ramps
- 5) Public Officials and Employment Practices Liability Insurance
- 6) Specialty Workers' Compensation

Background

The WETA carries a variety of different insurance policies annually to protect the agency and its operation from third party claims and loss of property. Each type of insurance is described in more detail below:

Marine Commercial Liability Insurance and Excess Marine Liabilities

This coverage protects against third party claims for bodily injury and property damage at scheduled locations.

Property Insurance

Property insurance is protection against losses due to damage to property from fires, vandalism, accidents etc. including both personal belongings and business inventory.

Docks, Pilings and Ramps

This property insurance covers waterside assets including docks, ramps, system piers, floats, gangways, and pilings. These are insured for actual values. The insurance has a combined limit of \$36,403,605 with various deductibles.

Public Officials and Employment Practices Liability Insurance

Public Officials and Employment Practices Liability Insurance is designed to address the significant exposures faced by public entities and responds to claims brought against an insured public entity, its employees and volunteers for any alleged or actual breach of duty, neglect, error, misstatement or omission in the course of public duties.

Specialty Workers' Compensation

Coverage providing four types of benefits (medical care, death, disability, rehabilitation) for employee job-related injuries or diseases as a matter of right (without regard to fault). The premium rate is based on a percentage of the employer's payroll and varies according to the employee's occupation.

Additionally, it is important to note that there is overlap between the WETA's coverage and the contracted operator's coverage for incidents that occur while passengers embark and debark from the vessels. The contracted operator's bumbershoot insurance provides an additional \$49,000,000 of coverage while passengers embark and debark from the vessels, making the total liability limit between the WETA's Terminal Operator's Liability insurance (\$10,000,000) and the contracted operator's (\$49,000,000) limit a total of \$59,000,000.

Discussion

This item authorizes the purchase of the following commercial insurance policies in FY 2012/13:

- 1) Marine Liability Insurance.
- 2) Excess Liabilities.
- 3) Property Insurance.
- 4) Docks, Pilings and Ramps.
- 5) Public Officials and Employment Practices Liability Insurance.
- 6) Specialty Workers' Compensation

With the purchase of the policies described above, endorsements will be added to insure the Vallejo waterside assets and for liability insurance for the landside terminal areas and facilities. As described in the Vallejo Ferry Services Transfer Agreement, the Authority will take ownership of the vessels and waterside assets and the City of Vallejo will retain ownership of the landside facilities, including ferry terminal buildings and parking lots. The Authority is required to provide insurance for property and liability in order to seamlessly transition operations.

Proposed policies will be purchased through both Wells Fargo Insurance Services and Alliant Insurance Services as noted in the insurance policy schedule provided as **Attachment A**.

Wells Fargo Insurance Services insure other public ferry operators such as Golden Gate Ferries and Washington State Ferries and will provide the Marine Terminal Operators Liability insurance and Property insurance for Marine Facilities. Alliant Insurance Services, has access to a Public Entity Property Insurance Program (PEPIP) with competitive pricing and will provide Property insurance for Marine Facilities and the administrative offices, Public Officials/Professional, Employment Practices insurance and Specialty Workers' Compensation insurance.

The estimated annual premium for all policies is expected to be no more than \$175,000.

Fiscal Impact

Funding for the purchase of commercial insurance is included in the approved FY 2012/13 operating budget.

END

San Francisco Bay Area Water Transportation Authority (WETA)
2012- 2013 Insurance Policy Schedule

Attachment A

Coverage		Locations	Limit	Deductible	Policy Period	Carrier	Policy Number	Estimated 12-13 Annual Premium
Wells Fargo Insurance Services	Marine Commercial Liability Terminal Operators Legal Liability Auto Liability	Pier 9 Offices Pier 9 Harbor Bay Main Street Clay Street South San Francisco Vallejo Mare Island	\$1,000,000 Each Occurrence \$2,000,000 Aggregate	\$2,500 each occurrence	7/1/2012 - 7/1/2013	The Great American Insurance Company of New York	OMH3133584	\$ 17,000
	Excess Marine Liabilities	Pier 9 Offices Pier 9 Harbor Bay Main Street Clay Street South San Francisco Vallejo Mare Island	\$9,000,000 Excess \$1,000,000	N/A	7/1/2012 - 7/1/2013	50% The Great American Insurance Company of New York 50% AGCS Marine Insurance Company	WFIS11-0007	\$ 11,250
	Docks, Pilings and Ramps	Pier 9 Harbor Bay Main Street Vallejo Mare Island	Total Insured Value: \$17,430,200	\$10,000 each occurrence \$20,000 wind, wind driven water and flood	7/1/2012 - 7/1/2013	The Great American Insurance Company of New York	OMH3133584	\$ 73,207
Alliant Insurance Services	Docks, Pilings and Ramps	South San Francisco Ferry Terminal	Total Insured Value: \$18,973,405	\$1,000 each occurrence	7/1/2012 - 7/1/2013	Lexington Insurance Company	P112695-008	\$ 28,704
	Property	Pier 9 Offices	Total Insured Value: \$300,000	\$1,000 each occurrence	7/1/2012 - 7/1/2013	Lexington Insurance Company	P112695-008	\$ 455
	Public Officials / Professional Employment Practices	N/A	\$2,000,000 Aggregate	\$15,000 each wrongful act \$15,000 each employment practices violation	7/1/2012 - 7/1/2013	National Union Insurance Company of Pittsburg, PA (Chartis)	01-223-71-21	\$ 11,223
	Specialty Worker's Compensation	N/A	\$1,000,000	N/A	12/16/2011 - 12/16/2012	National Union Insurance Company of Pittsburg, PA (Chartis)	WC 005-64-3339	\$ 12,095
								\$ 153,934

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amendment to the Vallejo Ferry Service Operations Transfer Agreement

Recommendation

Approve Amendment Number 1 to the Ferry Service Operations Transfer Agreement with the City of Vallejo and authorize the Executive Director to execute the amendment and to take all other actions and execute all other documents as are necessary to complete the transfer.

Background

In October 2011, the Vallejo City Council and WETA Board took action to approve the transfer of the Vallejo Baylink Ferry Service from the City of Vallejo ("City") to the San Francisco Bay Area Water Emergency Transportation Authority ("WETA") which was memorialized through the Ferry Service Operations Transfer Agreement ("Agreement") between these parties. Since then, City and WETA staffs have worked to finalize the transfer details and are targeting June 30, 2012 to complete the system transfer.

At the time that the Agreement was developed, certain assumptions were made with respect to roles and responsibilities of the City and WETA related to the existing Vallejo service ferry maintenance facility on Mare Island ("Existing Ferry Facilities"), the construction of a new maintenance facility on Mare Island ("New Ferry Facilities") and related lease arrangements for these properties between City, WETA and Lennar Mare Island, LLC ("LMI"). More specifically, it was anticipated that:

- City would administer the construction and associated grants for the initial phases of the New Ferry Facilities;
- City would sublease the Existing Ferry Facilities to WETA via an Existing Ferry Facilities Sublease generally passing through to WETA the City's rights to use the facilities subject to the terms and conditions set forth in its agreement with LMI;
- City would enter into a lease with LMI for the New Ferry Facilities location and sublease the New Ferry Facilities and underlying land to WETA; and
- At such time as LMI transferred fee title to the New Ferry Facilities location to City, City and WETA would enter into a direct lease arrangement.

Discussion

Since the Agreement was initially authorized, conditions and circumstances associated with the construction of the initial phases of the New Ferry Facilities have changed as project costs and associated grant funding needs have increased, the City's grantee status has become limited and City staff resources available to support the project have decreased. As a result, City and WETA staffs have developed a revised approach to the project management and to the lease structure for the existing and new ferry facilities that:

- Assigns WETA the lead role for construction of all phases of the New Ferry Facilities project;
- Allows for WETA to sublease the Existing Ferry Facilities from City until such time as WETA can develop a direct lease with LMI at which time WETA will lease both the Existing Ferry Facilities and the New Ferry Facilities directly from LMI (rather than sublease from City)
- Provides that LMI will transfer fee title to the New Ferry Facilities location (other than the Promenade) to WETA (rather than to City); and
- Provides that WETA will gain access to the Promenade from LMI until such time as City takes title thereto, after which WETA will gain access to the Promenade from City.

This revised approach is consistent with the Term Sheet and the draft Transfer Agreement as approved by the Council and Board in that the development scope of the New Ferry Facilities, WETA's operation of the Service, and WETA's Mare Island operations (including use of the Ferry Facilities and the Navy Premises) are unchanged. However, because the Transfer Agreement did not address LMI's transfer of fee title to certain Mare Island real property to WETA (rather than to City) or clearly delineate the various sublease/direct lease relationships identified above, the parties desire to execute Amendment Number 1 to the Agreement in order to memorialize their understandings, and to secure formal Council and Board approval of the terms and conditions contained herein.

Fiscal Impact

There is no new fiscal impact associated with the resulting new project management and lease structure.

END

ATTACHMENT A

AMENDMENT TO FERRY SERVICE OPERATIONS TRANSFER AGREEMENT

This Amendment to Ferry Service Operations Transfer Agreement (“**Amendment**”) is made and effective as of the _____ day of June, 2012 (“**Amendment Date**”) by and between the CITY OF VALLEJO (“**City**”) and the SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY (“**WETA**”).

RECITALS

A. WETA and City have negotiated and executed that certain Ferry Service Operations Transfer Agreement (“**Transfer Agreement**”) which has an Effective Date of May 24, 2012. Capitalized terms not otherwise defined herein have the meanings ascribed to them in the Transfer Agreement.

B. The Transfer Agreement provides for, among other things, City’s transfer to WETA of City’s Baylink ferry service operations, certain related assets, and rights to use certain ferry maintenance facilities located on Mare Island. The Transfer Agreement defines City’s current Mare Island ferry maintenance facilities as the “**Existing Ferry Facilities**” and contemplates development of “**New Ferry Facilities**” in another Mare Island location. City leases the Existing Ferry Facilities from Lennar Mare Island, LLC (“**LMI**”) pursuant a Facility Agreement dated March 26, 2002 and that certain Rider No. 1, Ferry Facility Relocation, dated March __, 2002, collectively referred to in the Transfer Agreement as the “**Existing LMI Lease**.” The Transfer Agreement contemplates that at Closing, City will sublease the Existing Ferry Facilities to WETA via an Existing Ferry Facilities Sublease generally passing through to WETA the City’s rights to use the Existing Ferry Facilities subject to the terms and conditions set forth in the Existing LMI Lease, in form and substance to be agreed upon, executed and delivered by the parties as a condition to Closing. The Existing Ferry Facilities and the New Ferry Facilities are collectively referred to herein as the “**Ferry Facilities**.”

C. LMI currently holds a fee interest in certain Mare Island real property, including the contemplated location of the New Ferry Facilities. Section 6.1.8 of that certain Acquisition Agreement by and between City and LMI dated December 21, 1999 (as amended) (“**Acquisition Agreement**”) provides that LMI is to transfer certain real property, including the New Ferry Facilities location, to City upon termination of the Term of that Acquisition Agreement, all as further set forth therein.

D. A portion of the New Ferry Facilities location is to be held by City as public trust property (“**Promenade**”), all as further set forth in that certain Mare Island Property Settlement and Exchange Agreement between the State of California, acting by and through the State Lands Commission, the City of Vallejo and, for limited purposes, LMI, dated February 28, 2002 (“**Settlement Agreement**”).

E. A draft of the Transfer Agreement was considered by WETA’s Board at its October 6, 2011 meeting, and by the Council at its October 11, 2011 meeting. As indicated in their respective staff reports, the parties had anticipated that, with respect to the Ferry Facilities:

(i) City would administer the construction and associated grants for the initial phases of the New Ferry Facilities; (ii) City would enter into a lease with LMI for the New Ferry Facilities location and sublease the New Ferry Facilities and underlying land to WETA; and (iii) at such time as LMI transferred fee title to the New Ferry Facilities location to City, City and WETA would enter into a direct lease arrangement.

F. City's Council approved the Transfer Agreement and related attachments via Resolution 11-144 N.C. dated October 11, 2011 ("**City Resolution**"). The City Resolution authorizes the City Manager to, among other things, "negotiate, enter into, and execute any necessary or appropriate changes to the [Transfer] Agreement and the schedules and exhibits thereto to the extent not inconsistent with the Vallejo WETA Term Sheet approved by the City Council on March 8, 2011 via a motion, ... to negotiate, enter into, and execute any necessary or appropriate changes to the LMI Ferry Facility Agreement and the Ferry Facility Lease/Sublease, and to negotiate, enter into, and execute such other ancillary agreements necessary to effect the terms" of the City Resolution, subject to City Manager and City Attorney approval. The above-referenced Vallejo WETA Term Sheet is referred to herein as the "**Term Sheet**."

G. WETA's Board approved the Transfer Agreement and related attachments via Resolution 2011-26 dated October 6, 2011 ("**WETA Resolution**"). The WETA Resolution authorizes WETA's Executive Director to, among other things, "complete negotiation of the Ferry Service Operations Transfer Agreement, and to complete all schedules, exhibits, and attachments thereto...as are determined by the Executive Director to be necessary and appropriate to reflect the terms and conditions of the Transition presented to the Board for approval, execute the final form of the Ferry Service Operations Transfer Agreement..., and take all other steps and execute all other documents as are necessary or advisable to achieve the Closing of the Ferry Service Operations Transfer Agreement and to implement the Transition."

H. In part due to restrictions on grant funds provided by State and Federal agencies for ferry maintenance and operations at Mare Island and development of the New Ferry Facilities, in part due to City's pending loss of its status as an eligible transportation grant funds recipient, and in part due to City's staffing and budgetary constraints, WETA and City have since refined the proposed approach to the Ferry Facilities and WETA's Mare Island operations. It is now contemplated that: (i) WETA will sublease the Existing Ferry Facilities from City until the LMI/WETA Commencement Date (defined below) (which may be concurrent with Closing); (ii) WETA will lease both the Existing Ferry Facilities and the New Ferry Facilities directly from LMI (rather than sublease from City); (iii) LMI will transfer fee title to the New Ferry Facilities location (other than the Promenade) to WETA (rather than to City); (iv) WETA will gain access to the Promenade from LMI until such time as City takes title thereto, after which WETA will gain access to the Promenade from City.

I. Such refined approach is consistent with the Term Sheet and the draft Transfer Agreement as approved by the Council and Board in that the development scope of the New Ferry Facilities, WETA's operation of the Service, and WETA's Mare Island operations (including use of the Ferry Facilities and the Navy Premises) are unchanged. However, because the Transfer Agreement did not address LMI's transfer of fee title to certain Mare Island real property to WETA (rather than to City) or clearly delineate the various sublease/direct lease relationships identified above, the parties desire to execute this Amendment in order to

memorialize their understandings, and to secure formal Council and Board approval of the terms and conditions contained herein.

AGREEMENT

NOW, THEREFORE, in consideration of the foregoing recitals and the mutual covenants and conditions contained in them, the parties agree as follows:

1. **LMI New Ferry Facilities Agreement.**

a. The term “**LMI New Ferry Facilities Agreement**” as set forth in the Transfer Agreement is hereby redefined to mean “future agreement(s) or arrangement(s) concerning WETA’s use of the Existing Ferry Facilities and WETA’s use and development of the New Ferry Facilities at Mare Island, by and between LMI and WETA, subject to the reasonable approval of City as to any provision of such agreement that affects any legal rights City has to the future use, ownership and/or operation of the Promenade. An exhibit depicting or describing the New Ferry Facilities will be attached to the LMI New Ferry Facilities Agreement. The LMI New Ferry Facilities Agreement shall contain a provision allowing City to use the Ferry Facilities in the event the Service is No Longer Operated as provided in the Transfer Agreement, including Section 11.3(g) thereof.

b. If LMI does not lease the Existing Ferry Facilities directly to WETA under a LMI New Ferry Facilities Agreement, either (i) City and WETA will enter into the Existing Ferry Facilities Sublease, or (ii) LMI as landlord and WETA as tenant will enter into a direct lease for WETA’s use of the Existing Ferry Facilities, subject to the reasonable approval of City as to any provision of such agreement that affects any legal rights City has to the future use, ownership and/or operation of the Promenade (“**Existing Ferry Facilities Direct Lease**”). The Existing Ferry Facilities Direct Lease shall contain a provision allowing City to use the Existing Ferry Facilities in the event the Service is No Longer Operated as provided in the Transfer Agreement, including Section 11.3(g) thereof. If LMI and WETA execute the Existing Ferry Facilities Direct Lease, the words “WETA’s use of the Existing Ferry Facilities and” shall be deleted from the redefined term “**LMI New Ferry Facilities Agreement**” above.

c. The LMI New Ferry Facilities Agreement (to the extent LMI leases the Existing Ferry Facilities directly to WETA thereunder) or the Existing Ferry Facilities Direct Lease (to the extent LMI does not lease the Existing Ferry Facilities directly to WETA under a LMI New Ferry Facilities Agreement) shall commence upon termination of the Existing LMI Lease with respect to the Existing Ferry Facilities (“**LMI/WETA Commencement Date**”).

2. **Existing Ferry Facilities.**

a. Approaches. City and WETA contemplate alternative approaches to the Existing Ferry Facilities, with the goal being that WETA continue use thereof. City, WETA, and LMI are engaged in discussions regarding the scope of the Existing Ferry Facilities, City’s obligations with respect thereto under the Existing LMI Lease, and related matters. The final approach will be determined once City, WETA, and LMI discussions are concluded, but are generally described below and in Section I above.

i. Existing Ferry Facilities Sublease. If LMI does not lease the Existing Ferry Facilities to WETA directly as set forth in Section 1 above (whether pursuant to the LMI New Ferry Facilities Agreement and/or Existing Ferry Facilities Direct Lease or a similar arrangement) at or before Closing, then City and WETA shall enter into the Existing Ferry Facilities Sublease, subject to LMI's prior written consent in form and substance acceptable to WETA and City ("**LMI Consent**"). An exhibit depicting or describing the Existing Ferry Facilities is to be agreed upon prior to Closing and attached to the Existing Ferry Facilities Sublease (if executed) as an exhibit. The Existing Ferry Facilities Sublease shall provide that it shall terminate upon the LMI/WETA Commencement Date and that WETA's going-forward use and occupancy of the Existing Ferry Facilities shall be governed by the LMI New Ferry Facilities Agreement or the Existing Ferry Facilities Direct Lease, as applicable. The Existing Ferry Facilities Sublease shall contain a provision allowing City to use the Existing Ferry Facilities if the Service is No Longer Operated as provided in the Transfer Agreement, including Section 11.3(g) thereof.

ii. Scope of Existing Ferry Facilities. An exhibit identifying the scope of the Existing Ferry Facilities shall be attached to the Existing Ferry Facilities Sublease, the LMI New Ferry Facilities Lease, and/or the Existing Ferry Facilities Direct Lease, as the parties deem necessary or appropriate.

b. Condition to Closing. If WETA and LMI have not entered into (i) a version of the LMI New Ferry Facilities Agreement which addresses the direct lease of the Existing Ferry Facilities from LMI to WETA which is effective as of Closing, or (ii) the Existing Ferry Facilities Direct Lease is not effective as of Closing, then, as a condition to Closing, City and WETA shall enter into the Existing Ferry Facilities Sublease provided that the LMI Consent is executed and delivered by LMI in form and substance acceptable to WETA and City.

c. Transfer Agreement Provisions. In furtherance of this Section 2:

i. References to the term "**Existing Ferry Facilities Sublease**" as set forth in the Transfer Agreement is hereby redefined to mean "a sublease of City's rights and obligations under the Existing LMI Lease, which sublease (if executed) shall be substantially in the form attached hereto as Exhibit L."

ii. The Transfer Agreement is hereby amended to provide that references to "**Existing Ferry Facilities Sublease**" in the definitions of "**Ancillary Documents**," "**Changed Conditions**," "**Closing**," "**Excluded Liabilities**," "**No Longer Operated**," and in Sections 3.2(a), 5.1(j), 5.1(l), 5.2(h), 8.1(b), 9.1(b)(ii)(A), 9.2(a), 11.7(b) shall be followed by the phrase "(if executed)".

iii. Transfer Agreement Section 9.2(a) is further revised to insert the words "or termination of the Existing LMI Lease with respect to the Existing Ferry Facilities" immediately before the words "City's obligation to insure the Existing Ferry Facilities shall terminate."

iv. The definition of “**No Longer Operated**” in the Transfer Agreement is revised by inserting “, the Existing Ferry Facilities Direct Lease” immediately before the words “and/or the LMI New Ferry Facilities Agreement” at the end of clause (g).

v. Transfer Agreement Section 6.1(aa) is revised to read as follows: “Either (A) WETA and City shall have deposited the duly executed Existing Ferry Facilities Sublease into escrow, and City shall have obtained the consent of LMI to the Existing Ferry Facilities Sublease in form satisfactory to WETA and City, which shall clearly indicate LMI’s agreement (i) that WETA shall not be responsible for any alleged past or existing City defaults under the Existing LMI Lease, (ii) that LMI shall not exercise its rights or remedies with respect to any alleged past or existing City default under the Existing LMI Lease to terminate WETA’s continued use, occupancy and enjoyment of the Existing Ferry Facilities, and (iii) that the legal description of the Existing Ferry Facilities premises subject to the Existing Ferry Facilities Sublease is as set forth in such sublease and that the share of common area expense charges allocated to such premises is as established in such sublease, or (B) WETA shall have advised Escrow Holder and City in writing that (i) WETA has entered into a direct lease of the Existing Ferry Facilities with LMI consisting of either (aa) a version of the LMI New Ferry Facilities Agreement whereby LMI leases the Existing Ferry Facilities directly to WETA thereunder, or (bb) the Existing Ferry Facilities Direct Lease, and (ii) City shall have approved those provisions of the applicable direct lease of the Existing Ferry Facilities that relate to City’s future use, ownership and operation of the Promenade and City’s right to use the Ferry Facilities in the event that the Service is No Longer Operated, in which case references to the Existing Ferry Facilities Sublease in the definitions of “**Changed Conditions**,” “**Closing**,” “**Material Adverse Change**” or “**Material Adverse Effect**,” clause (f) of the definition of “**Excluded Liabilities**,” and Sections 3.2(a), 5.1(j), 5.1(l), and 5.2(h) herein shall be deemed to refer to the applicable direct lease of the Existing Ferry Facilities.

vi. Transfer Agreement Section 7.1(j) is revised to read as follows: “Existing Ferry Facilities Sublease or Confirmation of Direct Lease. If WETA has not entered into a direct lease of the Existing Ferry Facilities with LMI as described in Section 6.1(aa) and provided Escrow Holder and City with written confirmation thereof, four (4) originally executed and acknowledged counterparts of the Existing Ferry Facilities Sublease substantially in the form attached as Exhibit L, as modified to address the matters listed in Section 6.1(aa), and four (4) originally executed copies of the LMI Consent.”

vii. Transfer Agreement Section 7.2(m) is revised to read as follows: “Existing Ferry Facilities Sublease. If WETA has not entered into a direct lease of the Existing Ferry Facilities with LMI as described in Section 6.1(aa) and provided City with written confirmation thereof, four (4) originally executed and acknowledged counterparts of the Existing Ferry Facilities Sublease substantially in the form attached as Exhibit L, as modified to address the matters listed in Section 6.1(aa), and the executed LMI Consent.”

viii. The third full sentence in Transfer Agreement Section 11.12(a) is deleted in its entirety and replaced with the following: “Unless WETA and LMI enter into a direct lease of the Existing Ferry Facilities from LMI to WETA as described in Section 6.1(aa), WETA and City shall execute the Existing Ferry Facilities Sublease, and the LMI Consent shall have been executed, all prior to and as conditions precedent to the Closing.”

ix. Transfer Agreement Section 11.12(c) is revised to read as follows:
“Replacement Location for Existing Ferry Facilities. The parties acknowledge that the Existing LMI Lease provides for relocation of the Existing Ferry Facilities, and that the terms underlying the Existing Ferry Facilities Sublease (if executed) and potentially under a direct lease from LMI to WETA of the Existing Ferry Facilities, if executed in lieu of the Existing Ferry Facilities Sublease, may provide for substantially similar relocation of the Existing Ferry Facilities. In the event that LMI invokes such relocation rights, City agrees that it shall work in good faith with WETA to secure a new location for ferry maintenance on Mare Island.”

3. New Ferry Facilities.

a. The first sentence of Transfer Agreement Section 11.12(a) is hereby deleted in its entirety and replaced with the following: “City and WETA anticipate that, subject to receipt of adequate funding, WETA will construct or cause to be constructed certain New Ferry Facilities on Mare Island to replace the Existing Ferry Facilities, in the specific location to be designated in the LMI New Ferry Facilities Agreement.”

b. References in the Transfer Agreement to any sublease of or with respect to the New Ferry Facilities are hereby deleted.

c. City will engage with LMI in good faith to amend the Acquisition Agreement to provide for a direct transfer of fee title to the New Ferry Facilities location (other than the Promenade) from LMI to WETA (rather than to City) upon termination of the Acquisition Agreement Term, subject to Settlement Agreement (if applicable) and the reasonable approval of City as to any provision of such transfer that affects any legal rights City has to the future use, ownership and/or operation of the Promenade (“**Title Transfer**”). Except with respect to the Promenade Agreement, this Amendment is not intended and shall not be construed to contemplate the transfer of any interest in public trust property to WETA or any third party.

d. City agrees that upon submission by WETA of all appropriate applications and processing fees with respect to the New Ferry Facilities, City shall facilitate permits and authorizations as needed, at no cost to WETA other than costs for permits City charges to applicants generally in the ordinary course. The provisions of this Section 3.d are subject to Transfer Agreement Section 13.17 (City Police Powers).

4. Promenade.

a. City and WETA shall enter into an agreement governing WETA’s right to access the Promenade in conjunction with its use of the New Ferry Facilities, which agreement shall commence on the date on which City accepts fee title to the Promenade (“**Promenade Agreement**”).

b. The Promenade Agreement shall be on terms and conditions mutually acceptable to City and WETA, and shall be subject to applicable portions of the Acquisition Agreement, Settlement Agreement, and all applicable rules, regulations, and requirements of the California State Lands Commission.

c. The second sentence of Transfer Agreement Section 9.1(b)(ii)(A) is further revised by inserting the words “the Promenade Agreement” immediately before the words “the Ferry Building Lease”.

5. Navy Premises.

a. The definition of “**No Longer Operated**” in the Transfer Agreement is further revised by inserting “, the Navy Lease” immediately before the words “the Navy Sublease” at the end of clause (g).

b. In the event that the Navy Lease is a direct lease between WETA and the DON, no Navy Sublease will be executed. As such, the following revisions shall be made to the Transfer Agreement, automatically effective as of the execution of such WETA/DON Navy Lease:

i. All references to the defined term “**Navy Sublease**” are deleted from the Transfer Agreement.

ii. The definition of “**Navy Lease**” in Transfer Agreement Section 11.12(b) is further revised to insert “, subject to the reasonable approval of City as to any provisions of the Navy Lease that relate to any portion of the submerged lands that in the future will be transferred to City, affect City’s right to reacquire the Service, or affect any legal rights City has to the future use, ownership and/or operation of the Promenade. The Navy Lease shall contain a provision allowing City to use the Navy Premises in the event the Service is No Longer Operated as provided in the Transfer Agreement, including Section 11.3(g) thereof.”

iii. The definition of “**Changed Conditions**” is further revised to insert the words “or monetary consideration required by the DON in exchange for WETA’s right to use the Navy Premises (i.e. base rent and operating expenses incurred by DON and passed through to WETA) under the Navy Lease” immediately following “LMI New Ferry Facilities Agreement.”

6. Costs and Expenses. WETA shall reimburse City for any reasonable actual outside legal, consultant, and other costs and expenses incurred or paid by City directly and exclusively attributable to effecting the terms of this Amendment, including amendment of the Acquisition Agreement with respect to the Title Transfer. City estimates that such costs and expenses will not exceed \$5,000. WETA shall reimburse City within thirty (30) days of City’s submission of written invoice(s) and reasonable supporting documentation.

7. Third Party Beneficiaries. There are no third party beneficiaries of this Amendment.

8. Transfer Agreement in Effect. The Transfer Agreement, except as modified by this Amendment, is unmodified and in full force and effect.

9. Counterparts. This Amendment may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

10. City Indemnification of WETA. City shall indemnify, defend, protect and hold WETA and its directors, officers, agents and employees harmless from and against any Claims arising out of or in any way connected with or otherwise based upon an allegation by LMI that the City has breached or is in default of any provision of the Existing LMI Lease with respect to the Existing Ferry Facilities on or before the earlier of the commencement date of the Existing Ferry Facilities Lease, the LMI New Ferry Facilities Agreement (to the extent it encompasses the Existing Ferry Facilities), or the Existing Ferry Facilities Direct Lease, except to the extent such alleged breach or default arises out of WETA's use and/or occupancy of the Existing Ferry Facilities from and after Closing. City's obligations pursuant to this Section 10 shall be subject to the Indemnification Procedures set forth in Transfer Agreement Section 9.9.

[Signatures Follow On Next Page]

IN WITNESS WHEREOF, the parties have executed this Amendment as of the Amendment Date.

WETA:
SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION
AUTHORITY

By: _____
Name: Nina Rannells
Title: Executive Director

APPROVED AS TO FORM:

Stanley S. Taylor
Nossaman LLP
Legal Counsel to Authority

CITY:
CITY OF VALLEJO

By: _____
Name: Daniel E. Keen
Title: City Manager

ATTEST:

By: _____
Name: Dawn Abrahamson
Title: City Clerk

APPROVED AS TO CONTENT:

Name: Craig Whittom
Title: Assistant City Manager

*APPROVED AS TO INSURANCE
REQUIREMENTS:*

Name: Darrell Handy
Title: Risk Manager

APPROVED AS TO FORM:

Name: Fred Soley
Title: City Attorney

Escrow Holder Acknowledgement

The undersigned acknowledges receipt of this Amendment and agrees to act as escrow holder escrow agent in this transaction strictly in accordance with the Transfer Agreement as amended by this Amendment.

ESCROW HOLDER

By: _____

Company: _____

Name: _____

Title: _____

Dated: June _____, 2012

MEMORANDUM

TO: Board Members

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

**SUBJECT: Authorize the Partial Redemption of the San Francisco Bay Area Water
Emergency Transportation Authority Revenue Bond, Series 2010 and the
Execution and Delivery of the First Supplement to the Trust Agreement**

Recommendation

Staff recommends that the Board of Directors approve the Partial Redemption of the San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond, Series 2010 (Series 2010 Revenue Bond) and authorize the Executive Director to:

- a) Execute and deliver the First Supplement to the Trust Agreement; and
- b) Execute and deliver other associated bond documents as required; and
- c) Take any other such related actions as necessary to complete the transaction.

Background/Discussion

On July 15, 2010, the Board of Directors authorized WETA to issue a Revenue Bond with a 3-year maturity pursuant to its authority under Section 66540.43 of the Government Code. The bond proceeds were used to create a working capital account to pay project costs associated with the South San Francisco Ferry Terminal project and issuance costs. On August 3, 2010, the Metropolitan Transportation Commission (MTC) purchased the Series 2010 Revenue Bond in the principal amount of \$10.1 million, which was issued pursuant to the Government Code and a Trust Agreement, dated July 1, 2010 (Trust Agreement), by and between WETA and U.S. Bank National Association as trustee (Trustee).

In addition to making the required annual debt service payment on the Series 2010 Revenue Bond, this year staff proposes to deposit an additional \$1.30 million FY 2011/12 RM2 Operating Funds, which would otherwise be unused and lost to WETA, with the Trustee to partially redeem the Series 2010 Revenue Bond by June 30, 2012 (Partial Redemption). The partial redemption will reduce the principal payment on the Series 2010 Revenue Bond for FY 2012/13 by \$1.30 million, providing additional operating funding capacity next year. In order to effect the Partial Redemption, an amendment to the Trust Agreement is necessary.

Staff has worked with our legal counsel and the Metropolitan Transportation Commission's staff and CFO, bond counsel from Orrick, Herrington & Sutcliffe and private placement agents from Stone & Youngberg on the attached draft First Supplement to the Trust Agreement, provided as **Attachment A** to this report, and the transaction resolution.

Fiscal Impact

The approval and execution of the First Supplemental Trust Agreement will allow unused FY 2011/12 RM2 operating funds to be used for debt service payment in the current fiscal year, reducing the final debt service payment amount required in FY 2012/13 and making more funds available to WETA to cover operating expenses.

END

FIRST SUPPLEMENTAL TRUST AGREEMENT

between

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

and

U.S. BANK NATIONAL ASSOCIATION
as Trustee

Dated as of June 1, 2012

relating to the

\$10,100,000
San Francisco Bay Area Water Emergency Transportation Authority
Revenue Bond, Series 2010

(Supplementing the Trust Agreement
Dated as of July 1, 2010)

TABLE OF CONTENTS

	Page
ARTICLE XII DEFINITIONS.....	2
Section 12.01. Definitions.....	2
Section 12.02. Amended Definition.....	2
ARTICLE XIII AMENDMENT OF THE 2010 REVENUE BOND MANDATORY SINKING ACCOUNT PAYMENT AND INTEREST PAYMENT SCHEDULES	2
Section 13.01. Amendment of Section 2.06 Terms of Redemption	2
Section 13.02. Amendment of Section 5.08 Application of Interest Account.....	3
Section 13.03. Amendment of Section 5.09(B) Application of Principal Account	3
Section 13.04. Amendment to Exhibit A—Form of 2010 Revenue Bond and Delivery of New 2010 Revenue Bond	4
Section 13.05. Amendment to Deposits to Accounts, Schedule I—Schedule of RM2 Operating Revenue Transfers	4
ARTICLE XIV MISCELLANEOUS	4
Section 14.01. Confirmation of Trust Agreement	4
Section 14.02. Successor Is Deemed Included in All References to Predecessor	4
Section 14.03. Effective Date	5
Section 14.04. Severability of Invalid Provisions.....	5
Section 14.05. Article and Section Headings and References	5
Section 14.06. Execution in Counterparts.....	5
Exhibit A.....	A-1

TRUST AGREEMENT

This FIRST SUPPLEMENTAL TRUST AGREEMENT, dated as of June 1, 2012 (this "First Supplemental Trust Agreement"), between the SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY, a local governmental entity of regional government duly organized and existing under and by virtue of the laws of the State of California (the "Authority") and U.S. BANK NATIONAL ASSOCIATION, a national banking association duly organized and existing under and by virtue of the laws of the United States of America, as trustee (the "Trustee");

W I T N E S S E T H:

WHEREAS, the Authority and the Trustee have heretofore entered into that certain Trust Agreement, dated as of July 1, 2010 (the "Original Trust Agreement" and, together with this First Supplemental Trust Agreement, the "Trust Agreement"), and, pursuant thereto, the Authority has heretofore issued its San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond, Series 2010, currently Outstanding in a principal amount of Three Million Three Hundred Sixty-Six Thousand Dollars (\$3,366,000) (the "2010 Revenue Bond"); and

WHEREAS, the Authority and the Trustee now wish to amend the Trust Agreement to provide for a revised Mandatory Sinking Account Payment schedule that adds a June 29, 2012 Mandatory Sinking Account Payment of \$1,273,373.79, and reduces by \$1,273,373.79 the Mandatory Sinking Account Payment at maturity on June 1, 2013, and makes corresponding changes to the interest payment schedule; and

WHEREAS, pursuant to Section 9.01(A) of the Original Trust Agreement, the Trust Agreement may be amended with the written consent of the Owner of the 2010 Revenue Bond; and

WHEREAS, the written consent of the Owner of the 2010 Revenue Bond to the amendments effected by this First Supplemental Trust Agreement has been filed with the Trustee; and

WHEREAS, pursuant to Section 9.03 of the Original Trust Agreement and Section 13.03 of this First Supplemental Trust Agreement, a new 2010 Revenue Bond so modified as to conform, in the opinion of the Authority and the Trustee, to the modification and amendment contained in this First Supplemental Trust Agreement, shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owner of the 2010 Revenue Bond shall be exchanged at the Principal Corporate Trust Office, without cost to the Bondholder, for the 2010 Revenue Bond then Outstanding, upon surrender for cancellation of the 2010 Revenue Bond, in equal aggregate principal amounts of the same tenor and maturity; and

WHEREAS, the Trustee has received demand of the Owner of the 2010 Revenue Bond for the new 2010 Revenue Bond to be exchanged for the Outstanding 2010 Revenue Bond upon the effectiveness of this First Supplemental Trust Agreement; and

WHEREAS, the execution and delivery of this First Supplemental Trust Agreement has in all respects been duly and validly authorized by a resolution duly passed and approved by the Authority; and

WHEREAS, all acts, conditions and things required by law to exist, to have happened and to have been performed precedent to and in connection with the execution and the entering into of this First Supplemental Trust Agreement do exist, have happened and have been performed in regular and due time, form and manner as required by law, and the parties hereto are now duly authorized to execute and enter into this First Supplemental Trust Agreement;

NOW, THEREFORE, THIS TRUST AGREEMENT WITNESSETH, that, in consideration of the premises and of the material covenants herein contained and for other valuable consideration, the receipt of which is hereby acknowledged, the Authority does hereby agree and covenant with the Trustee for the benefit of the owner, from time to time, of the 2010 Revenue Bond, as follows:

ARTICLE XII

DEFINITIONS

Section 12.01. Definitions. Unless the context otherwise requires, and except as provided in Section 12.02 of this First Supplemental Trust Agreement, the capitalized terms used and not otherwise defined herein shall have the meanings specified in Section 1.02 of the Original Trust Agreement, to be equally applicable to both the singular and plural forms of any of the terms herein defined.

Section 12.02. Amended Definition. The following definition in Section 1.02 of the Original Trust Agreement is hereby amended and restated in its entirety:

2010 Revenue Bond means the “San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond, Series 2010” authorized by, and at any time Outstanding pursuant to, this Trust Agreement, as amended.

ARTICLE XIII

AMENDMENT OF THE 2010 REVENUE BOND MANDATORY SINKING ACCOUNT PAYMENT AND INTEREST PAYMENT SCHEDULES

Section 13.01. Amendment of Section 2.06 Terms of Redemption. Section 2.06 of the Original Trust Agreement is hereby amended and restated in its entirety as follows:

Section 2.06. Terms of Redemption. The 2010 Revenue Bond is subject to redemption prior to its stated maturity in part from Mandatory Sinking Account Payments established in Section 5.09, on each June 1 on and after June 1, 2011, at a price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium. The 2010 Revenue Bond is also subject to redemption prior to

its stated maturity in part from the Mandatory Sinking Account Payment established in Section 5.09 on June 29, 2012, at a price equal to the principal amount thereof, without premium. Accrued interest shall not be paid in connection with the redemption, in part, of the 2010 Revenue Bond on June 29, 2012, and instead shall continue to accrue to the following interest payment date as set forth in Section 5.08 of the Trust Agreement. Other than as is provided herein and in Section 5.09, the 2010 Revenue Bond shall not be subject to redemption prior to its maturity date. Upon payment by the Authority of each such Mandatory Sinking Account Payment, the Trustee shall update its records, as appropriate, to reflect the corresponding decrease in the outstanding principal amount of the 2010 Revenue Bond, and the Holder or its custodian shall note the receipt of such payment as and where indicated on the definitive 2010 Revenue Bond.

Section 13.02. Amendment of Section 5.08 Application of Interest Account. The table in Section 5.08 of the Original Trust Agreement is hereby amended and restated in its entirety as follows:

<u>Interest Payment Date</u>	<u>Interest Payment</u>
December 1, 2010	\$153,344.93
June 1, 2011	233,916.00
December 1, 2011	155,936.28
June 1, 2012	155,936.28
December 1, 2012	[_____]
June 1, 2013	[_____]

Section 13.03. Amendment of Section 5.09(B) Application of Principal Account. Section 5.09(B) of the Original Trust Agreement is hereby amended and restated in its entirety as follows:

(B) Subject to the terms and conditions hereinbefore set forth in this Section and in Section 2.06, the 2010 Revenue Bond shall be redeemed (or paid at maturity, as the case may be) by application of Mandatory Sinking Account Payments for such Bond, in the amounts and upon the dates hereinafter set forth:

Mandatory Sinking Account
Payments for 2010 Revenue Bond Due
June 1, 2013

<u>Payment Date</u>	<u>Amount</u>
June 1, 2011	\$3,367,000.00
June 1, 2012	3,367,000.00
June 29, 2012	1,273,373.79
June 1, 2013*	2,092,626.21

*Maturity

Section 13.04. Amendment to Exhibit A—Form of 2010 Revenue Bond and Delivery of New 2010 Revenue Bond. Exhibit A—Form of 2010 Revenue Bond, attached to the Original Trust Agreement, is hereby amended and restated in its entirety as shown in Exhibit A to this First Supplemental Trust Agreement. This new Form of 2010 Revenue Bond conforms, in the opinion of the Authority and the Trustee, to the modification and amendment contained in this First Supplemental Trust Agreement. A new 2010 Revenue Bond so modified as to conform to this new Form of 2010 Revenue Bond shall be prepared and executed by the Authority and authenticated by the Trustee, and upon demand of the Owner of the 2010 Revenue Bond shall be exchanged at the Principal Corporate Trust Office, without cost to the Bondholder, for the 2010 Revenue Bond then Outstanding, upon surrender for cancellation of the 2010 Revenue Bond, in equal aggregate principal amounts of the same tenor and maturity.

Section 13.05. Amendment to Deposits to Accounts, Schedule I—Schedule of RM2 Operating Revenue Transfers. Schedule I—Schedule of RM2 Operating Revenue Transfers, attached to the Original Trust Agreement, is hereby amended and restated in its entirety as shown in Schedule I to this First Supplemental Trust Agreement.

ARTICLE XIV

MISCELLANEOUS

Section 14.01. Confirmation of Trust Agreement. Except as amended hereby, the Original Trust Agreement shall remain in full force and effect and is hereby ratified and confirmed in all respects. This First Supplemental Trust Agreement shall be deemed to be an amendment to the Trust Agreement, and a supplemental trust agreement within the meaning of Article IX of the Original Trust Agreement. All references in the Trust Agreement to “this Trust Agreement,” “hereunder,” “hereof,” “herein,” or other words of like import, and all references to the Trust Agreement in any other agreement or document shall hereafter be deemed to refer to the Trust Agreement as amended hereby.

Section 14.02. Successor Is Deemed Included in All References to Predecessor. Whenever in the Trust Agreement either the Authority or the Trustee is named or referred to,

such reference shall be deemed to include the successors or assigns thereof, and all the covenants and agreements in the Trust Agreement contained by or on behalf of the Authority or the Trustee shall bind and inure to the benefit of the respective successors and assigns thereof whether so expressed or not.

Section 14.03. Effective Date. This First Supplemental Trust Agreement shall become effective upon the execution and delivery hereof and the receipt of the consent hereto of the Owner of the 2010 Revenue Bond.

Section 14.04. Severability of Invalid Provisions. If any one or more of the provisions contained in this First Supplemental Trust Agreement or in the Original Trust Agreement or the 2010 Revenue Bond shall for any reason be held to be invalid, illegal or unenforceable in any respect, then such provision or provisions shall be deemed severable from the remaining provisions contained in the Trust Agreement and such invalidity, illegality or unenforceability shall not affect any other provision of the Trust Agreement, and the Trust Agreement shall be construed as if such invalid or illegal or unenforceable provision had never been contained herein. The Authority hereby declares that it would have adopted the Trust Agreement and each and every other Section, paragraph, sentence, clause or phrase thereof and authorized the issuance of the 2010 Revenue Bond pursuant thereto irrespective of the fact that any one or more Sections, paragraphs, sentences, clauses or phrases of the Trust Agreement may be held illegal, invalid or unenforceable.

Section 14.05. Article and Section Headings and References. The headings or titles of the several Articles and Sections hereof, and any table of contents appended to copies hereof, shall be solely for convenience of reference and shall not affect the meaning, construction or effect of the Trust Agreement.

All references herein to “Articles,” “Sections” and other subdivisions are to the corresponding Articles, Sections or subdivisions of the Trust Agreement; the words “herein,” “hereof,” “hereby,” “hereunder” and other words of similar import refer to the Trust Agreement as a whole and not to any particular Article, Section or subdivision hereof; and words of the masculine gender shall mean and include words of the feminine and neuter genders.

Section 14.06. Execution in Counterparts. This First Supplemental Trust Agreement may be executed in several counterparts, each of which shall be deemed an original, and all of which shall constitute but one and the same instrument.

IN WITNESS WHEREOF, the parties hereto have executed this First Supplemental Trust Agreement by their officers thereunto duly authorized as of the day and year first written above.

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION
AUTHORITY

By _____
Executive Director

Approved as to Form:

By _____
Attorney

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

Exhibit A

[Form of 2010 Revenue Bond]

No. R-1

\$10,100,000

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
REVENUE BOND,
SERIES 2010**

Rate of Interest	Dated Date	Maturity Date	CUSIP
4.632%	August 3, 2010	June 1, 2013	79767H AA7

Registered Owner: UNION BANK, N.A., AS CUSTODIAN FOR THE METROPOLITAN
TRANSPORTATION COMMISSION

Principal Amount: TEN MILLION ONE HUNDRED THOUSAND DOLLARS

FOR VALUE RECEIVED, the San Francisco Bay Area Water Emergency Transportation Authority, a local governmental entity of regional government duly organized and existing under and by virtue of the laws of the State of California (the "Authority"), acknowledges itself indebted to and promises to pay (but only out of the Pledged Funds hereinafter referred to) to the Registered Owner identified above, or registered assigns, the Principal Amount specified above, on the Maturity Date specified above, together with interest thereon from the Dated Date specified above until the principal hereof shall have been paid, at the interest rate per annum specified above based on a 360-day year of twelve 30-day months, payable on December 1, 2010, and semiannually thereafter on June 1 and December 1 and at maturity or upon the prior redemption thereof (each, an "Interest Payment Date"). This Bond shall pay interest from the latest of: (i) its Issue Date; (ii) the most recent Interest Payment Date to which interest has been paid or duly provided for; or (iii) if the date of authentication of this Bond is after a Record Date but prior to the immediately succeeding Interest Payment Date, the Interest Payment Date immediately succeeding such date of authentication.

As long as this Bond is not a book-entry bond, the principal hereof is payable upon presentation and surrender of this Bond upon maturity at the Corporate Trust Office (as such term is defined in the hereinafter mentioned Trust Agreement) of U. S. Bank National Association, as trustee (together with any successor as trustee under the Trust Agreement, the "Trustee") (or at the principal corporate trust office of any successor trustee) in lawful money of the United States of America; and interest hereon shall be payable by the Trustee to the Holder hereof as of the close of business on the Record Date, such interest to be paid by the Trustee to such Holder in immediately available funds (by wire transfer or by deposit to the account of the Holder if such account is maintained with the Trustee), according to the instructions given by such Holder to the Trustee or, in the event no such instructions have been given, by check mailed on the Interest Payment Date by first class mail to the Holder at such Holder's address as it appears as of the Record Date on the bond registration books kept by the Trustee. As used

herein, “Record Date” means the fifteenth day (whether or not a Business Day) of the month preceding the month in which any Interest Payment Date occurs.

If this Bond becomes a book-entry bond, principal of and premium, if any, and interest on this Bond shall be payable by wire transfer to the Depository.

This Bond is a duly authorized issue entitled, “San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond, Series 2010”, being issued in the Principal Amount set forth above, pursuant to the provisions of the San Francisco Bay Area Water Emergency Transportation Response and Disaster Recovery Act, being Title 7.10 of the Government Code of the State of California (Section 66540 *et seq.*) and the Revenue Bond Law of 1941, commencing with Section 54300 *et seq.* of the California Government Code, but only as and to the extent incorporated by reference into the Act (as more fully defined in the Trust Agreement, the “Bond Law”) and that certain Trust Agreement, dated as of July 1, 2010, as supplemented by that certain First Supplemental Trust Agreement, dated as of June 1, 2012 (collectively, the “Trust Agreement”), each between the Authority and the Trustee. Pursuant to the Trust Agreement, the Authority may not issue any other obligations or securities secured by a pledge of, and payable in whole or in part from, Pledged Funds. Capitalized terms used and not otherwise defined herein shall have the meanings ascribed thereto in the Trust Agreement.

This Bond and the interest thereon (to the extent set forth in the Trust Agreement) are payable from, and are secured by a charge and lien on RM2 Operating Revenues (as defined in the Trust Agreement) received by the Trustee or the Authority while the Bond is outstanding, all Measure A Revenues (as defined in the Trust Agreement) received by the Trustee or the Authority while the Bond is outstanding, all amounts held by the Trustee in the Debt Service Fund, the Measure A Holding Fund, the Principal Account and the Interest Account and the investment earnings with respect thereto, if any (as more fully defined in the Trust Agreement, the “Pledged Funds”).

THIS BOND IS A SPECIAL, LIMITED OBLIGATION OF THE AUTHORITY PAYABLE, BOTH AS TO PRINCIPAL AND INTEREST, SOLELY FROM PLEDGED FUNDS AS DEFINED AND PROVIDED IN THE TRUST AGREEMENT, AND THE AUTHORITY IS NOT OBLIGATED TO PAY THIS BOND EXCEPT FROM PLEDGED FUNDS. THIS BOND DOES NOT CONSTITUTE A DEBT OR LIABILITY OF THE STATE OF CALIFORNIA OR ANY POLITICAL SUBDIVISION OF THE STATE OTHER THAN THE AUTHORITY OR A PLEDGE OF THE FULL FAITH AND CREDIT OF THE STATE OR OF ANY POLITICAL SUBDIVISION OF THE STATE.

This Bond may only be transferred to the Bay Area Toll Authority or privately placed with a transferee meeting the definition of Qualified Institutional Buyer as described in Rule 144A of the Securities Act of 1933, as amended; provided that any such private placement shall be conditioned on receipt by the Authority, the Trustee and the Owner of a written statement executed by such transferee in the form set forth as an Exhibit to the Trust Agreement which shall contain a certification that the transferee is a Qualified Institutional Buyer. This Bond may not be reoffered to the public. This Bond may not be transferred or reoffered in part or in denominations other than its then-current outstanding principal amount.

Reference is hereby made to the Trust Agreement and to the Bond Law for a description of the terms on which the Bond is issued, the provisions with regard to the nature and extent of the Pledged Funds, the extent of the restrictions on the issuance of other obligations or securities payable from Pledged Funds, the provisions for amending the Trust Agreement and the rights of the Registered Owner of the Bond; and all the terms of the Trust Agreement and the Bond Law are hereby incorporated herein and constitute a contract between the Authority and the Registered Owner from time to time of this Bond, and to all the provisions thereof the Registered Owner of this Bond, by its acceptance hereof, consents and agrees.

This Bond shall be subject to mandatory redemption in part prior to its stated maturity date from Mandatory Sinking Account Payments required by and as specified in the Trust Agreement and as reflected in the schedule of payments attached to this Bond as Exhibit I, on June 1, 2011 and on each June 1 thereafter, at a price equal to the principal amount thereof plus interest accrued thereon to the date fixed for redemption, without premium. This Bond shall also be subject to mandatory redemption in part prior to its stated maturity date from the Mandatory Sinking Account Payment required by and as specified in the Trust Agreement and as reflected in the schedule of payments attached to this Bond as Exhibit I, on June 29, 2012, at a price equal to the principal amount thereof, without premium. ACCRUED INTEREST SHALL NOT BE PAID IN CONNECTION WITH THE MANDATORY REDEMPTION OF THIS BOND IN PART ON JUNE 29, 2012. INTEREST SHALL CONTINUE TO ACCRUE ON THE REMAINING OUTSTANDING PRINCIPAL AMOUNT AND ACCRUED INTEREST SHALL BE PAID ON THE FOLLOWING INTEREST PAYMENT DATE. Upon payment by the Authority of each such Mandatory Sinking Account Payment, the Trustee shall update its records, as appropriate, to reflect the corresponding decrease in the outstanding principal amount of this Bond, and the Holder of this Bond or its custodian shall memorialize each such payment by placing an "X" in the corresponding check box in the schedule set forth in Schedule I hereto upon receipt of funds in the amount therein specified, and the outstanding principal amount hereof shall be reduced accordingly.

The rights and obligations of the Authority and of the Holder and Registered Owner of this Bond may be modified or amended at any time in the manner, to the extent, and upon the terms provided in the Trust Agreement, which provide, in certain circumstances, for modifications and amendments without the consent of or notice to the Registered Owner of the Bond.

This Bond may be exchanged for a Bond in like aggregate principal amount of the same tenor, maturity and interest rate and may be transferred by the Registered Owner hereof, in person or by its attorney duly authorized in writing, at the Corporate Trust Office of the Trustee, but only in the manner, subject to the limitations and upon payment of the charges provided in the Trust Agreement, and upon surrender and cancellation of this Bond. Upon transfer a new fully registered Bond, of the same tenor, maturity and interest rate, and for the same aggregate principal amount will be issued to the transferee in exchange herefor.

The Authority and the Trustee may deem and treat the Registered Owner hereof as the absolute owner hereof for all purposes, and the Authority and Trustee shall not be affected by any notice to the contrary.

It is hereby certified and recited that any and all acts, conditions and things required to exist, happen and be performed precedent to and in the issuance of this Bond have existed, happened and been performed in regular and due time, form and manner as required by law and in accordance with the provisions set forth in the Trust Agreement.

This Bond shall not be entitled to any benefit under the Trust Agreement, or become valid or become obligatory for any purpose, until the Certificate of Authentication hereon shall have been manually signed by the Trustee.

IN WITNESS WHEREOF, the San Francisco Bay Area Water Emergency Transportation Authority has caused this Bond to be executed by the manual signature of its Executive Director, and countersigned and approved as to form by the manual signature of its Attorney, as of the Issue Date specified above.

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION
AUTHORITY

By _____
Executive Director

Approved as to Form:

By _____
Attorney

SCHEDULE I TO BOND
Schedule of Principal Payments

Principal Payments for
2010 Revenue Bond Due
June 1, 2013

<u>Payment Date</u>	<u>Amount</u>	<u>Remaining Outstanding Principal</u>
<input type="checkbox"/> June 1, 2011	\$3,367,000.00	\$6,633,000.00
<input type="checkbox"/> June 1, 2012	3,367,000.00	3,366,000.00
<input type="checkbox"/> June 29, 2012	1,273,373.79	2,092,626.21
<input type="checkbox"/> June 1, 2013*	2,092,626.21	--

*Maturity

[FORM OF CERTIFICATE OF AUTHENTICATION]

This Bond is the Bond described in the within-mentioned Trust Agreement, which Bond has been authenticated the date set forth below.

Date of Authentication: _____

U.S. BANK NATIONAL ASSOCIATION, as
Trustee

By _____
Authorized Officer

[FORM OF ASSIGNMENT]

For value received the undersigned do(es) hereby sell, assign and transfer unto _____ the within-mentioned registered 2010 Revenue Bond and hereby irrevocably constitute(s) and appoint(s) _____ attorney, to transfer the same on the books of the Trustee with full power of substitution in the premises.

Signature

Notice: The signature on this Assignment must correspond to the name as written on the face of this 2010 Revenue Bond in every particular, without any alteration or change whatsoever.

Dated: _____

Signature Guaranteed by:

NOTE: Signature must be guaranteed by an eligible guarantor institution.

Social Security Number, Taxpayer
Identification Number or Other
Identifying Number of Assignee: _____

SCHEDULE I
[TO BE UPDATED]

SCHEDULE OF RM2 OPERATING REVENUE TRANSFERS

\$10,100,000

San Francisco Bay Area Water Emergency Transportation Authority (WETA)
Revenue Bond, Series 2010

DEBT SERVICE PAYMENTS

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Debt Service</u>	<u>Annual Debt Service</u>
1-Dec-10	\$ -	\$ 153,344.93	\$ 153,344.93	
1-Jun-11	\$ 3,367,000.00	\$ 233,916.00	\$ 3,600,916.00	\$ 3,754,260.93
1-Dec-11	\$ -	\$ 155,936.28	\$ 155,936.28	
1-Jun-12	\$ 3,367,000.00	\$ 155,936.28	\$ 3,522,936.28	\$ 3,678,872.56
29-Jun-12	\$ 1,273,373.79	\$ -	\$ 1,273,373.79	\$ [4,952,246.35]
1-Dec-12	\$ -	\$ []	\$ []	
1-Jun-13	\$ 2,092,626.21	\$ []	\$ []	\$ []
<hr/>				
TOTAL	\$ 10,100,000.00	\$ []	\$ []	\$ []

MTC Transfer of RM2 OPERATING REVENUES

<u>Payment Date</u> (On or Before)	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	
15-Sep-10	\$ 374,111.11	\$ 51,114.98	\$ 425,226.09	
15-Oct-10	\$ 374,111.11	\$ 51,114.98	\$ 425,226.09	
15-Nov-10	\$ 374,111.11	\$ 51,114.98	\$ 425,226.09	
		\$ 153,344.93		
15-Dec-10	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	
15-Jan-11	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	
15-Feb-11	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	
15-Mar-11	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	
15-Apr-11	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	
15-May-11	\$ 374,111.11	\$ 38,986.00	\$ 413,097.11	\$ 3,754,260.93
	\$ 3,367,000.00	\$ 233,916.00		
15-Jun-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Jul-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Aug-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	

<u>Payment Date</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Payment</u>	
15-Sep-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Oct-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Nov-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
		\$ 155,936.28		
15-Dec-11	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Jan-12	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Feb-12	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Mar-12	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-Apr-12	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	
15-May-12	\$ 280,583.33	\$ 25,989.38	\$ 306,572.71	\$ 3,678,872.56
	\$ 3,367,000.00	\$ 155,936.28		
15-Jun-12	\$ 280,500.00	\$ 12,992.76	\$ 293,492.76	
28-Jun-12	\$ 1,273,373.79	\$ -	\$ 1,273,373.79	
15-Jul-12	\$ [_____]	\$ [_____]	\$ [_____]	
15-Aug-12	\$ [_____]	\$ [_____]	\$ [_____]	
15-Sep-12	\$ [_____]	\$ [_____]	\$ [_____]	
15-Oct-12	\$ [_____]	\$ [_____]	\$ [_____]	
15-Nov-12	\$ [_____]	\$ [_____]	\$ [_____]	
		\$ [_____]		
15-Dec-12	\$ [_____]	\$ [_____]	\$ [_____]	
15-Jan-13	\$ [_____]	\$ [_____]	\$ [_____]	
15-Feb-13	\$ [_____]	\$ [_____]	\$ [_____]	
15-Mar-13	\$ [_____]	\$ [_____]	\$ [_____]	
15-Apr-13	\$ [_____]	\$ [_____]	\$ [_____]	
15-May-13	\$ [_____]	\$ [_____]	\$ [_____]	\$ [_____]
	\$ 3,366,000.00	\$ [_____]		
TOTAL	\$ 10,100,000.00	\$ [_____]	\$ [_____]	

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Contract Amendment with Nematode Media, LLC (DBA Bay Crossings) for Advertising in *Bay Crossings* and Other Public Information and Marketing Services in FY 2012/13

Recommendation

Approve Amendment No. 4 to the agreement with Nematode Media, LLC (DBA Bay Crossings) in the amount of \$60,000 for advertising in *Bay Crossings* and other public information and marketing services and authorize the Executive Director to execute the amendment.

Background

The Authority first entered into a formal agreement with Bay Crossings (aka Nematode Media, LLC) in September, 2004. This agreement was renewed in July 2005, and again for a three year terms in June 2006 and June 2009 (under WETA).

The Authority has used the *Bay Crossings* newspaper as a means of communicating with ferry riders, businesses and residents of the Bay's shoreline communities regarding its plans, environmental review process and services since 2001. In 2003, Bay Crossings expanded its purpose and reach by opening the Bay Crossings Store in the renovated San Francisco Ferry Building. In 2007, Bay Crossings incorporated real-time ferry departure information displayed on electronic, flat-panel screens at the Bay Crossing Ferry Building kiosk. Today, the Bay Crossings store provides assistance to passengers about ferry routes, schedules and destinations, selling tickets and merchandise in addition to distributing informational materials about ferry services.

Discussion

The contract scope and budget for proposed services in FY 2012/13 are as follows:

1. Bay Crossings newspaper- \$36,000/year
This supports placement of San Francisco Bay Ferry ads and ferry schedules in *Bay Crossings* as well as informational articles promoting WETA's activities.
2. Bay Crossings store – Extended Store Hours - \$12,000/year
The Bay Crossings store is a venue for distributing information and is a resource for daily ferry commuters. WETA's compensation helps to defray the costs of staffing the store for four extra hours daily during the work week.
3. Public Information - Real Time Information Sign Placement - \$12,000/year
This supports the operation of real time information signs and kiosks in the ferry building at the Bay Crossings store.

Fiscal Impact

The award of these services would commit the Authority to \$60,000 in FY 2012/13, to be paid for out of WETA's marketing budget.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Contract Amendment with Broad & Gusman, LLP for the Provision of State Legislative Representation in FY 2012/13

Recommendation

Approve Amendment No. 2 to the agreement with Broad & Gusman, LLP in the amount of \$66,000 for the provision of state legislative representation for FY 2012/13 and authorize the Executive Director to execute the amendment.

Background

Since November 2004, WTA/WETA has utilized the Law Offices of Broad & Gusman, LLP (Broad & Gusman) to provide state legislative support services. The agreement for services with Broad & Gusman was initially developed as the result of a competitive RFQ process completed in 2004, and was extended on an annual basis through June 2010. On June 17, 2010, as the result of a new competitive RFQ process, the Board approved a new agreement with Broad & Gusman to represent WETA through June 30, 2011, with an option to extend into future years.

Discussion

Staff recommends the continued use of Broad & Gusman in FY 2012/13 to represent WETA's legislative needs in Sacramento, in an amount up to \$66,000 consistent with the amount authorized in FY 2011/12. They are familiar with WETA's program and have been successful at helping us secure funding and a various forms of legislative support as the need has arisen over the years. The scope of work in FY 2012/13 will remain largely the same as that in FY 2011/12, and will include efforts to:

- Monitor state legislation and regulations affecting WETA, keeping the Board and staff regularly informed, and providing a quarterly report;
- Arrange facilitated meetings, as requested, with key policymakers, staff, and others in state government. Lead the preparation for these meetings and conduct meetings, as appropriate, with agency and/or departmental representatives in Sacramento and elsewhere;
- Work to restore, preserve, and expand state and regional transportation capital and operating funds and programs that could be used to support WETA projects and programs;
- Work to secure high priority funding for WETA to address its emergency mandate; and
- Develop legislation, as needed, to address agency funding or operational matters.

Fiscal Impact

This contract amendment would commit the Authority to an amount of up to \$66,000 in FY 2012/13, consistent with the budget and prior year contracts.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Contract Amendment with Nossaman LLP for the Provision of Legal Services in FY 2011/12 and 2012/13

Recommendation

Approve Amendment No. 16 to the agreement with Nossaman LLP in the amount of \$850,000 for the provision of legal services in FY 2011/12 and FY 2012/13, and authorize the Executive Director to execute the amendment.

Background

The Authority'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 to serve as its general counsel and established a process for bringing forward annual budget amendments to cover services anticipated each fiscal year. In January 2008, this contract transferred to the San Francisco Bay Area Water Emergency Transportation Authority upon its creation. Annual legal expenses have ranged from \$140,000 in FY 2004/05 to \$1,100,000 in FY 2010/11, based upon the volume and complexity of legal issues facing the agency.

In addition to general agency and Board oversight, Nossaman LLP provides legal advice and support in a wide range of specialty areas including contract development, procurement process and document development, employment law and policy development, insurance requirements and real property transactions and provides research on special subjects as needed.

Discussion

We anticipate requiring an additional \$200,000 in contract authority with Nossaman LLP in FY 2011/12 in order to complete the extensive legal work required to close out the Vallejo service transition. This includes completing agreement language, negotiating Vallejo Maintenance Facility lease and sublease agreements, completing escrow and transfer activities and completing other legal details of this transaction.

In considering our planned work program for FY 2012/13, we have developed a legal budget totaling \$650,000. Staff anticipates FY 2012/13 activities to include the following:

General Oversight

This work includes general agency and Board governance, meeting attendance, legislative review and support, procurement review, personnel matters and research of special subjects of interest or concern. In FY 2012/13 staff anticipates the need for some additional legal support in the area of procurement as we look to clarify and streamline our policies, procedures and processes.

Capital Program Support

WETA's capital program in FY 2012/13 focuses on continuing environmental and design work associated with new facilities and planned future services and general refurbishment of existing terminal and vessel assets. As we move forward with these projects, Nossaman will

provide support services in a number of areas such as procurement and proposal review, contract development and review of any protests or project issues. Significant anticipated efforts in FY 2012/13 include developing a small contracts template for planned terminal improvement projects, finalizing lease and project RFP processes and details for the Vallejo Maintenance Facility project and supporting development of vessel procurement documents.

Service Transition Activities

While significant legal effort has been completed in prior years related to the Alameda/Oakland and Vallejo service and asset transfers, staff anticipates some follow-up work will be necessary to complete the Vallejo transaction details in FY 2012/13.

Fiscal Impact

This contract amendment would commit the Authority to up to an additional \$200,000 for legal services in FY 2011/12 and \$650,000 for legal services for FY 2012/13. Sufficient funds are included in each of these annual budgets to support these costs.

END