



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, December 13, 2012 at 1:30 P.M.

San Francisco Bay Area

Water Emergency Transportation Authority
9 Pier, Suite 111
San Francisco

NOTE: MEETING TIME 1:30 P.M.

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

AGENDA

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

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

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

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

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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
December 13, 2012 Meeting of the Board of Directors**

6. CONSENT CALENDAR **Action**
a. Minutes November 1, 2012
b. Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2011/12
7. AUTHORIZE CHANGE IN STATUS FOR ONE FULL-TIME PLANNER POSITION **Action**
8. RICHMOND FERRY TERMINAL PROJECT UPDATE **Information**
9. SUMMARY OF 2012 EMERGENCY RESPONSE ACTIVITIES **Information**
10. SUMMARY OF FIRST QUARTER FY 2012/13 OPERATING STATISTICS AND SPECIAL EVENT SERVICES **Information**
11. RECESS INTO CLOSED SESSION
a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS **Action**
Property: Mare Island Maintenance Facility at Building 477 and Building 165 sites, City of Vallejo and Lennar Mare Island, LLC **To Be Determined**
Agency Negotiator: Nina Rannells
San Francisco Bay Area Water Emergency Transportation Authority
Negotiating Parties: Lennar Mare Island, LLC
Under Negotiation: Terms and conditions of the Authority's proposed lease
12. REPORT OF ACTIVITY IN CLOSED SESSION **Action**
Chair will report any action taken in closed session that is subject to reporting at this time. Action may be taken on matters discussed in closed session. **To Be Determined**
13. 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.

M E M O R A N D U M

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: December 13, 2012

RE: Executive Director's Report

PROJECT UPDATES

Clay Street Oakland Ferry Passenger Float - This project consists of replacing the existing passenger float in Oakland with a newly constructed float. The work 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. Design is 100% complete and fabrication is well underway. Work is expected to be completed in February 2013.

Harbor Bay Ferry Terminal Dredging Project – This project dredged the terminal area and access channel at Harbor Bay Alameda. CLE Engineering is providing construction management services. Dutra Dredging Company completed dredging on November 26th.

Clipper Fare Media Implementation – Clipper is currently available as fare payment media for the Alameda/Oakland/South San Francisco, Alameda/Oakland/San Francisco, and Alameda Harbor Bay/San Francisco routes.

WETA is continuing to work with MTC to develop software programming and acquire equipment required to implement Clipper for the Vallejo ferry service. Based upon MTC's projected schedule, Clipper should be available for the Vallejo service by mid to late 2013.

North Bay Operations and Maintenance Facility – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in three phases. As currently planned, Phase Zero would include site preparation, demolition, and abatement, which would be completed prior to landside construction work. Phase One will construct all of the landside improvements including a 48,000 gallon fuel storage and delivery system, a new warehouse, and renovation of Building 165. Phase Two will construct all of the waterside improvements consisting of a system of modular floats and piers, gangways, and over the water utilities. Finally Building 477 (the existing ferry maintenance facility) will be cleaned up as required prior to surrender to Lennar. This project, and associated contracts and funding, was transferred to WETA for implementation as a part of the July 2012 Vallejo service transfer.

This project was originally developed and designed by the City of Vallejo, which issued an RFP for project construction in Fall 2011. Bids received by the City significantly exceeded funds available, and all bids were rejected. On December 15, 2011, the California Transportation Commission approved 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; extending the deadline for construction contract award to August 2013.

Staff recently organized a joint meeting of the design teams working on both the Central Bay and North Operations and Maintenance Facilities to coordinate efforts on each project. This group will continue

to meet periodically in the future to ensure that both projects are developed in a complementary manner that will meet WETA's Maintenance and Operations programmatic needs. Staff is working with GHD, the project environmental, design and engineering consultant to bid documents for all phases of construction work, which, as planned, would be implemented as design/build project under WETA's authority.

The NEPA environmental review work for the waterside portion of the project on behalf of the US Navy is underway. The Navy must complete this documentation prior to entering into a lease with WETA to use the waterside portion of this site. Concurrently WETA is negotiating the terms and conditions of a lease/fee title agreement with Lennar Mare Island the property owner of the land portion of the project site.

As a part of moving this project forward, staff is in the process of seeking RFQ's for a construction management services to support bid, award, and construction of this project. We hope to return to the Board with a recommendation for contract award for these services at the February 2013 meeting.

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

NOAA and NMFS recently issued its Biological Opinion and Essential Fish Habitat Assessment for the project, concluding the consultation process initiated by FTA under Section 7 of the Endangered Species Act and the Magnuson-Stevens Fishery Conservation and Management Act. FTA has also initiated consultation with the US Fish and Wildlife Service under Section 7 of the Endangered Species Act. Pending completion of the USFWS consultation process, WETA expects to move forward with FTA to finalize environmental clearance of the project under NEPA and initiate Final Design work.

Staff recently organized a joint meeting of the design teams working on both the Central Bay and North Operations and Maintenance Facilities to coordinate efforts on each project. This group will continue to meet periodically in the future to ensure that both projects are developed in a complementary manner that will meet WETA's Maintenance and Operations programmatic needs.

Richmond Ferry Service – This service will provide an alternative transportation link between the City of Richmond and downtown San Francisco. The environmental and conceptual design work includes plans for replacement of an existing facility (float and gangway) and a phased parking plan. Staff is working with City of Richmond staff and representatives of Orton Development Inc. to develop the plans. Environmental review for the project is underway. Public and resource agency scoping meetings were held in June. The purpose of the meetings was to present information on the proposed project and to provide an opportunity for comment on the scope of the environmental analysis. The CEQA Initial Study/Mitigated Negative Declaration is anticipated to be published in the next two to three months. Staff continues to conduct stakeholder outreach with regard to the project.

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. 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. The Final EIS/EIR was submitted to FTA review in early October. Staff is consulting with the National Oceanic and Atmospheric Administration (NOAA) and the National Marine Fisheries Service (NMFS) on completion of Section 7 consultation 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. Staff is continuing to work with NOAA and NMFS on the proposed mitigation plan for the project. The BO is required prior to completion of the Final EIS/EIR.

Treasure Island Service – This project, which will be 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 to be operated by WETA between Treasure Island and downtown San Francisco in connection with the planned Treasure Island Development Project. Staff met with representatives from the City of San Francisco in November to discuss the current status of the Treasure Island Development Project and updates on the anticipated timeframe for implementing the Treasure Island ferry service.

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.

WETA has submitted an Administrative Draft EIS/EIR to FTA and Cooperating Agencies for review. Pending comments received from the reviewing agencies, staff expects to release a Draft EIS/EIR for public comment in February 2013.

Hercules Environmental Review/Conceptual Design - On April 19, 2012, 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; a pre-requisite project to a ferry terminal at this site. 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, City and WETA staffs have agreed that continuing the environmental review process for a potential ferry terminal at this site is not prudent at this time given the limited shelf life of this work. Staff will remain in contact with the City to coordinate any future ferry terminal work as the Transit Center project moves forward.

Antioch, Martinez and Redwood City Ferry Service Projects – These projects involve conceptual design and environmental review for potential future ferry services to the cities of Antioch, Martinez, and Redwood City. Draft site feasibility reports have been prepared and distributed to the cities for review. The feasibility reports were prepared to identify site constraints and design requirements to better understand project feasibility and cost. Staff is continuing to work with city staff to review the draft reports and determine appropriate next steps for the respective planning and environmental processes.

Contra Costa County Ferry Working Group – Staff is working with the Contra Costa Transportation Authority (CCTA) and representatives from the cities of Antioch, Martinez, Hercules and Richmond to study implementation of ferry expansion services in Contra Costa County. The working group will consider opportunities and challenges associated with each potential terminal site and service. As part of this effort, WETA staff is preparing operational and capital cost estimates for potential terminals and services. Results of this study will inform stakeholders on specific site and service details for discussion and development of a countywide approach to developing services and funding support.

Ridership Forecast Model Update – Staff has worked with its consultant and various partner cities 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 expansion services currently under study and development serving Redwood City, Berkeley, Richmond, Hercules, Martinez and Antioch. Staff is working with its consultant, Cambridge Systematics, to prepare a final report for this project, which is scheduled to be completed in December 2012.

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 providing FTA and MTC with information necessary to meet regional fund programming and planning requirements. An item outlining the SRTP purpose and contents and discussing system goals and objectives was brought forward for Board discussion in August and a draft SRTP report was reviewed and discussed at the September Board meeting. At the October 4 meeting, the Board continued consideration of the SRTP for adoption to the December Board meeting in order to provide additional time for cities with existing and proposed expansion services and other interested parties to review and comment on the draft.

On October 10, staff distributed the Draft SRTP to the cities and applicable transportation authorities and commissions. WETA requested that comments be submitted by November 12, 2012, in order to provide sufficient time for staff to incorporate comments into the recommended final SRTP, as appropriate. Six comment letters have been received from cities and agencies on the Draft SRTP. WETA staff is coordinating with city and agency staff to revise portions of the SRTP based on the comments and will bring the plan back to the Board for any final discussion and consideration for adoption in January 2013.

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 Vallejo Station Parking Structure will be constructed in two phases. Phase A Parking Structure is complete and now open. The procurement for the Parking Access and Revenue Control System (PARCS) was initiated last month. The City of Vallejo anticipates paid parking to be effective by March 2013. The few months in between shall be considered a grace period which will help fine tune the operations of the garage. Additional traffic and parking signs, which will accompany the PARCS will be procured and installed within the next month.

Relocation of the Post Office is still on a stand still. Construction of Phase B of the parking structure is dependent upon the City securing funding and the relocation of the U.S. Post Office.

OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS

November 7-9, Nina Rannells and Lauren Gularte attended the California Transit Association's Annual Conference in Palm Springs, CA.

On November 8, Keith Stahnke attended the MTC Trans Response Plan (TRP) Steering Committee Meeting.

On November 13, Keith Stahnke attended the signing ceremony for the USCG San Francisco Vessel Mutual Assistance Plan (SF-VMAP). This plan provides operational guidance for the San Francisco Bay Ferries, Sector San Francisco Command Center, and Vessel Traffic Service in the event of a catastrophic, waterborne Search and Rescue event.

On November 19, WETA held a meeting of the Transit Advocates for San Mateo County at the Oyster Point Yacht Club to discuss marketing efforts for the South San Francisco Ferry Service and provide an overview of WETA's Short Range Transit Plan.

On December 4, Mike Gougherty attended the Waterfront Transportation Assessment Workshop hosted by the SFMTA to discuss transportation needs along the San Francisco Waterfront and Embarcadero corridor.

On December 5, Mike Gougherty attended the Northeast Waterfront Advisory Group meeting on behalf of WETA.

On December 7, Lauren Gularte attended the Regional DBE Business Outreach Committee.

OPERATIONS

An operational report for the first quarter period (July 1, 2012 through September 30, 2012) is included as a separate agenda item for the December 2012 meeting.

OTHER ACTIVITIES / ITEMS

AB 2433 (Hill) – WETA's bill to stagger future Board member terms to ensure continuity in agency leadership was signed by the Governor on September 13.

ADMINISTRATION

Attached are the FY 2012/13 financial statements for four months ending October 2012, including the Statement of Revenues and Expenses and the Statement of Capital Programs and Expenditures.

San Francisco Bay Area Water Emergency Transportation Authority
FY 2012/13 Statement of Revenues and Expenses
For Four Months Ending 10/31/2012

% of Year Elapsed 33.6%

	Current Month	Prior Year Actual	2012/13 Budget	2012/13 Actual	% of Budget
OPERATING EXPENSES					
<u>PLANNING & GENERAL ADMIN:</u>					
Wages and Fringe Benefits	106,337	1,269,738	1,434,800	414,980	28.9%
Services	38,088	2,388,779	1,979,100	231,531	11.7%
Materials and Supplies	738	47,917	258,100	2,680	1.0%
Utilities	994	14,956	16,000	1,462	9.1%
Insurance	(25,000)	28,578	33,000	(10,183)	-30.9%
Miscellaneous	6,590	306,710	128,000	25,453	19.9%
Leases and Rentals	21,299	268,610	266,000	85,934	32.3%
Admin Overhead Expense Transfer	(75,559)	-	(984,000)	(294,067)	29.9%
Sub-Total Planning & Gen Admin	73,486	4,325,288	3,131,000	457,791	14.6%
<u>FERRY OPERATIONS:</u>					
<u>Harbor Bay FerryService</u>					
Purchased Transportation	123,579	1,098,946	1,122,000	362,171	32.3%
Fuel - Diesel & Urea	45,284	404,896	531,300	147,224	27.7%
Other Direct Operating Expenses	51,161	341,174	411,400	144,859	35.2%
Admin Overhead Expense Transfer	9,067	-	116,700	35,288	30.2%
Sub-Total Harbor Bay	229,091	1,845,016	2,181,400	689,542	31.6%
<u>Alameda/Oakland Ferry Service</u>					
Purchased Transportation	410,067	3,015,472	3,702,300	1,346,668	36.4%
Fuel - Diesel & Urea	143,984	1,131,900	1,454,300	487,344	33.5%
Other Direct Operating Expenses	45,733	732,809	737,600	170,331	23.1%
Admin Overhead Expense Transfer	20,401	-	265,000	79,398	30.0%
Sub-Total Alameda/Oakland	620,186	4,880,181	6,159,200	2,083,742	33.8%
<u>Vallejo FerryService</u>					
		<i>(Operated by City of Vallejo)</i>			
Purchased Transportation	629,527	6,240,622	6,538,500	2,425,835	37.1%
Fuel - Diesel & Urea	501,865	3,965,227	6,009,500	1,825,946	30.4%
Other Direct Operating Expenses	106,402	2,041,094	1,042,280	409,990	39.3%
Admin Overhead Expense Transfer	34,757	258,786	455,100	135,270	29.7%
Sub-Total Vallejo	1,272,551	12,505,729	14,045,380	4,797,041	34.2%
<u>South San Francisco FerryService</u>					
		<i>(Service launched on 6/4/12)</i>			
Purchased Transportation	170,769	122,092	2,083,400	587,504	28.2%
Fuel - Diesel & Urea	54,494	44,197	841,500	191,268	22.7%
Other Direct Operating Expenses	14,480	4,096	322,000	124,655	38.7%
Admin Overhead Expense Transfer	11,334	-	147,200	44,110	30.0%
Sub-Total South San Francisco	251,076	170,384	3,394,100	947,537	27.9%
Total Operating Expenses	2,446,390	23,726,598	28,911,080	8,975,653	31.0%
Total Capital Expenses	1,584,275	32,496,198	25,389,571	3,709,555	14.6%
Total Expenses	4,030,665	56,222,796	54,300,651	12,685,208	23.4%
OPERATING REVENUES					
Fare Revenue	1,006,394	9,465,348	9,717,441	4,193,563	43.2%
Local - Bridge Toll	1,439,996	14,149,730	18,985,189	4,781,360	25.2%
Local - Property Tax and Assessments	-	78,192	206,450	-	0.0%
Local - Other Revenue	-	33,328	2,000	730	36.5%
Total Operating Revenues	2,446,390	23,726,598	28,911,080	8,975,653	31.0%
Total Capital Revenues	1,584,275	32,496,198	25,389,571	3,709,555	14.6%
Total Revenues	4,030,665	56,222,796	54,300,651	12,685,208	23.4%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2012/13 Statement of Capital Programs and Expenditures
For Four Months Ending 10/31/2012

Project Description	Current Month	Project Budget	Prior Year Actual	2012/13 Budget	2012/13 Actual	Future Year	% of Project
CAPITAL EXPENSES							
FACILITIES EXPANSION							
Future Expansion Service Studies:							
Berkeley Terminal - Environ/Concept Design	991	2,335,000	2,053,018	281,982	43,421	-	90%
Richmond Terminal - Environ/Concept Design	66,725	812,500	197,224	615,276	154,281	-	43%
Redwood City - Environ/Concept Design	175	812,500	108,535	75,965	2,538	628,000	14%
Antioch - Environ/Concept Design	5,159	812,500	98,047	250,000	20,567	464,453	15%
Martinez - Environ/Concept Design	1,201	812,500	137,979	74,521	7,947	600,000	18%
SF Berthing Expansion - Environ/Concept Design	6,293	3,300,000	1,919,679	1,380,321	134,461	-	62%
Terminal/Berthing Expansion Construction:							
Pier 9 Mooring Facility	-	3,150,000	3,138,848	11,152	4,524	-	99%
SSF Oyster Mitigation	5,434	275,000	49,470	50,000	12,262	175,530	22%
SSF Terminal Construction	19,547	26,000,000	23,943,585	2,056,415	141,813	-	93%
Berkeley Terminal - Final Design		3,200,000	-	800,000	-	2,400,000	0%
Maintenance & Operations Facilities:							
North Bay Operations & Maintenance Facility	26,164	25,500,000	-	4,862,500	61,111	20,637,500	0%
Central Bay Ops & Maint Facility - Environ/Concept Design	67,995	952,500	608,021	344,479	125,603	-	77%
Central Bay Ops & Maint Facility - Final Design	-	3,647,500	-	2,742,500	-	905,000	0%
FACILITIES REHABILITATION							
Channel Dredging:							
Channel Dredging - Harbor Bay	889	410,000	26,879	383,121	55,363	-	20%
Passenger Floats & Gangways:							
Gangway Rehabilitation - Main Street Terminal	-	125,000	-	125,000	-	-	0%
Gangway & Float Rehab - Harbor Bay Terminal	-	240,000	-	240,000	-	-	0%
Passenger Float Drydock & Repairs - Vallejo Terminal	-	470,000	-	470,000	-	-	0%
Clay Street Passenger Float Replacement	973,493	2,410,000	119,145	2,290,855	1,204,627	-	55%
Terminal Rehabilitation:							
Terminal Fac Improvement - Harbor Bay & Maint St.	-	250,000	-	250,000	-	-	0%
FERRY VESSELS							
Major Component Rehab/Replacement:							
Vessel Engine Overhaul - Encinal	248,581	803,564	2,708	800,856	265,180	-	33%
Purchase of Inflatable Buoyancy Apparatus	-	127,500	-	127,500	-	-	0%
Communications Equipment	-	182,000	39,737	142,263	-	-	22%
Vessel Mid-Life Repower/Refurbishment:							
Vessel Mid-Life Repower/Refurbishment: - Bay Breeze	3,924	5,015,000	53,323	4,961,677	56,603	-	2%
Vessel Mid-Life Repower/Refurbishment: - Mare Island	157,705	1,803,188	-	1,803,188	1,419,254	-	0%
Vessel Expansion/Replacement:							
Purchase Replacement Vessel	-	15,000,000	-	250,000	-	14,750,000	0%
Total Capital Expenses	1,584,275	98,446,252	32,496,198	25,389,571	3,709,555	40,560,483	
CAPITAL REVENUES							
Federal	328,878	24,497,904	13,010,685	10,763,218	1,532,374	724,000	59%
State	1,153,629	57,999,504	6,776,762	11,386,258	1,723,353	39,836,483	15%
Local - Bridge Toll	89,001	5,297,431	4,620,197	677,234	470,180	-	96%
Local - San Mateo Sales Tax Measure A	11,982	9,640,764	8,077,889	1,562,875	(27,672)	-	84%
Local - Alameda Sales Tax Measure B	785	1,010,650	10,665	999,985	11,319	-	2%
Total Capital Revenues	1,584,275	98,446,252	32,496,198	25,389,571	3,709,555	40,560,483	

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ATTORNEYS AT LAW

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Peter Friedmann
Of Counsel

DATE: December 7, 2012

TO: WETA Board Members

FROM: Peter Friedmann
202-783-3333 OurManInDC@federalrelations.com

SUBJECT: WETA Federal Relations Board Report

The media is portraying a frenzy of activity on Capitol Hill grappling with the Fiscal Cliff, in fact, those of us who walk the House and Senate halls are finding it eerily quiet. In fact, most Members of Congress have gone home because the real action is with just two people; Barack Obama and John Boehner. And John Boehner is saying he's just waiting for the President to call. The common wisdom here in DC, is that they will find a way to kick the can down the road, perhaps agreeing to some extension of the current tax rates, while postponing the scheduled dramatic Federal budget cuts, until March.

That is not to say that the federal agencies are sitting around with nothing to do. They have a very full plate and short deadlines on specific actions that directly impact WETA and the country as a whole.

The Department of Transportation must determine exactly how it will implement the massive MAP-21 transportation bill, which Congress passed last summer. As far as ferry boats are concerned, two new programs have been legislated, and must now be staffed, and spending processes established.

- One is a Federal Highway Administration formula grant program, based on the number of cars and passengers carried, as well as route miles.
- The other is a discretionary grant program, administered by the Federal Transportation Administration (FTA). The San Francisco Bay Congressional Delegation is demonstrating terrific support for WETA, sending a letter to the FTA urging that WETA's needs be favorably considered when it comes time to issuing grants. These include the Central Bay Ferry Facility in Alameda, as well as additional ferry boats. The letter, signed by 10 San Francisco Bay Members of Congress, is enclosed.

Another longstanding advocate for WETA is Washington State Senator Patty Murray. The connection between WETA and Washington State is significant. WETA boats are built, as well as rehabilitated, in Washington shipping yards elsewhere. Components manufactured in Washington are used in construction at the Central Bay Ferry Facility, as well as WETA ferry terminals. This relationship will continue to benefit WETA for years to come.

Finally, many the senior decision makers at the federal agencies are traveling around the country to learn about the projects for which they will be asked to provide funding over the coming year. FTA officials will be visiting WETA during December.

Respectfully Submitted,

Peter Friedmann
WETA Federal Representative

Congress of the United States
Washington, DC 20515

November 9, 2012

Peter M. Rogoff, Administrator
Federal Transit Administration
U.S. Department of Transportation
East Building
1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Administrator Rogoff:

We are writing to support Federal Transit Administration (FTA) Passenger Ferry Grant Program funding to the San Francisco Bay's Water Emergency Transit Authority (WETA). As you know, the Passenger Ferry Grant Program – authorized under Section 5307 of the Moving Ahead for Progress in the 21st Century Act (P.L.112-141) – is intended to aid congested urban areas such as the San Francisco Bay Area that have a high need for passenger ferry service. This federal funding is critical to WETA's ongoing effort to construct ferry boats, maintenance facilities and ferry terminals.

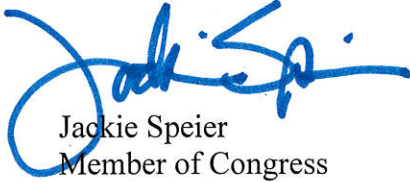
Ferry service is increasingly critical to our Bay Area communities. Not only does it help reduce traffic congestion, it is a central component in our region's ability to respond to a natural disaster. As we have seen in New York as a result of the impact of Hurricane Sandy, water transit services can provide one of the only means of transport following a major natural disaster. This is especially true in the San Francisco Bay Area where roads, bridges and tunnels could be damaged in a major earthquake. In addition, thousands of commuters currently use ferries to get to work each day, and hundreds of thousands of visitors to the region use the ferries to visit local attractions.

The Passenger Ferry Grant Program is particularly important to our region as the only other program authorized under MAP-21 exclusively for the construction of ferry boats and ferry terminal facilities is weighted towards car ferries, putting the San Francisco ferry system at a competitive disadvantage.

Lack of federal funding could prove disastrous to the future of ferry service in the San Francisco Bay Area. We urge the FTA to implement the Passenger Ferry Grant Program in a way that ensures that passenger ferry systems in congested urban areas (where route segments tend to be shorter) receive their fair share of federal funding.

Thank you for taking our thoughts into consideration when implementing the Passenger Ferry Grant Program. If you have any questions, please contact Erin Ryan in Congresswoman Speier's office at erin.ryan@mail.house.gov or 202-225-3531.

Sincerely,



Jackie Speier
Member of Congress



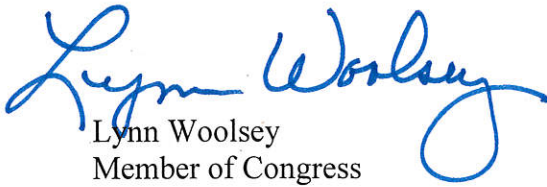
Zoe Lofgren
Member of Congress



Pete Stark
Member of Congress



Barbara Lee
Member of Congress




Lynn Woolsey
Member of Congress



John Garamendi
Member of Congress



Mike Honda
Member of Congress



George Miller
Member of Congress



Mike Thompson
Member of Congress



Anna Eshoo
Member of Congress

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

(November 1, 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. Other Directors present were Vice Chair Intintoli, Director Gerald Bellows and Director Timothy Donovan. Vice Chair Intintoli led the pledge of allegiance.

2. REPORT OF BOARD CHAIR

No report.

3. REPORT OF DIRECTORS

No report.

4. REPORTS OF STAFF

Executive Director Nina Rannells noted her written report to the Board and then reviewed the enhanced service provided by San Francisco Bay Ferry for the Giant's 2012 World Series victory parade. She noted that the Vallejo service had set a single day ridership record of 6,154 passengers compared to a regular weekday service of about 2,000.

Chair Johnson said that she would like to receive a regular operations report detailing ridership. Director Bellows asked that any operations report note any times that vessel capacity was found to be insufficient, and Director Donovan requested that such a report also include any customer service issues or improvements. Ms. Rannells noted that an operations report to the Board would be initiated for the meeting.

Director Donovan asked if there had been any issues on the parade day with boarding due to the high passenger volume. Ms. Rannells replied affirmatively and noted that complications were to be anticipated when riders for special events impacted regular commute riders. She added that overall things went smoothly and that it always helped when extra WETA and Blue & Gold staff stayed landside to guide new passengers.

Ms. Rannells introduced Operations Manager Keith Stahnke, who reported that there had been some issues with boarding on the return trips and that at one point long queues had formed but that they had dissipated within an hour.

Chair Johnson added that she would like to see San Francisco Bay Ferry differentiated from Golden Gate Ferry more clearly in news reports.

Public Comment

Veronica Sanchez of Masters, Mates & Pilots suggested that staff reach out to KQED regarding the Board Chair's concern that San Francisco Bay Ferry be differentiated clearly from Golden Gate Ferry. She said that she heard them confuse the two consistently.

Chair Johnson then recognized Philip Vince, Martinez City Manager, noting his request to address the Board.

Public Comment

Mr. Vince thanked the Board for postponing the approval of the Short Range Transit Plan. He reviewed the background of Martinez' marina and development plan, noting that it depended on private capital to support the city's vision. Mr. Vince said that he understood that WETA was not in a position to fund operations and that he had been working with Caltrans and Contra Costa Transportation Authority to look at public/private partnership options. He said that the city requested inclusion in WETA's SRTP for years 7, 8, 9 and 10 and added that he believed WETA's ridership forecasts were low and would be doubled. He asked that the city be included in the SRTP for those four years and that if things don't work out to take them out after year 10.

Mr. Vince said that he believed that the ferry deserved a chance, and explained that he was aware that dredging, maintenance and operations costs were ongoing costs that would require an operating subsidy. He reiterated that the city's request was for inclusion and SRTP and that he believed that Martinez was in agreement with Antioch and Redwood City in this view and that all wanted to be part of WETA's success.

5. CONSENT CALENDAR

Vice Chair Intintoli made a motion to approve the consent calendar which included the minutes from the October 4, 2012 meeting. Director Bellows seconded the motion the item carried unanimously.

6. UPDATE ON NEW PORT OF SAN FRANCISCO WATER TAXI PROGRAM

Planner/Analyst Chad Mason introduced Gerry Roybal, Marketing Manager for the Port of San Francisco, who delivered an informational presentation on the history and current status of the Port's water taxi services program.

Public Comment

Ms. Sanchez noted that Masters, Mates & Pilots were crewing the water taxi services, noting that the operator had been proactive in reaching out to unions, that he had made safety a priority and that the customer response had been great. She added that she felt the water taxis had attributes that would make them valuable in emergency response situations.

Ernest Sanchez, Public Information & Marketing Manager, asked Mr. Roybal what the capacity of the vessels was. Mr. Roybal replied that *Tideline* carried 12 while *Emerald Lady* held 17 and that both operators were looking for larger boats.

Chair Johnson said it sounded like they were breaking new ground and commended Mr. Roybal for his work. She said that she hoped the water taxis didn't run into too much competition and that safety had been adequately addressed.

Mr. Roybal added that landings were currently limited to three locations and that the Port would assist if additional landings were needed. Director Bellows requested that the Port coordinate any additional landings beforehand with WETA so that options for emergency landing facilities could be considered.

7. AUTHORIZE FILING AN APPLICATION FOR FEDERAL TRANSIT ADMINISTRATION FORMULA PROGRAM FUNDS TO SUPPORT VARIOUS CAPITAL PROJECTS

Finance & Grants Manager Lynne Yu presented this item requesting that the Board authorize by resolution the filing of an application with the Metropolitan Transportation Commission for funds from the FY2012-13 and FY2013-14 Federal Transit Administration Formula Program funds to support various capital projects and to commit the necessary local match and assure completion of the projects.

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

8. AUTHORIZE RELEASE OF A REQUEST FOR QUALIFICATIONS FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE VALLEJO FERRY MAINTENANCE AND OPERATIONS FACILITY

Planner/Analyst Chad Mason presented this item requesting the Board authorize, by motion, the release of a Request for Qualifications for construction management services for construction of the Vallejo Ferry Maintenance and Operations Facility.

Director Donovan asked if a project labor agreement had been discussed. Planning & Development Manager John Sindzinski replied that generally the construction management firm would make sure that WETA received the proper Davis-Bacon documents to ensure compliance. WETA legal counsel Stanley Taylor III of Nossaman LLP added that WETA and Lennar Mare Island, the land holder, did not have a labor agreement. Director Donovan asked if this would be clear to submitters that there may be a project labor agreement involved in the work. Mr. Taylor said that it could be made clear if it wasn't sufficiently so. Mr. Sindzinski pointed out that he anticipated submissions from contractors familiar with public sector work but that this could be put in bold in the RFQ.

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

9. AUTHORIZE RELEASE OF A REQUEST FOR QUALIFICATIONS (RFQ) FOR FERRY TERMINAL REFURBISHMENT CONSTRUCTION MANAGEMENT SERVICES

Mr. Stahnke presented this item requesting that the Board authorize, by motion, the release of a Request for Qualifications for Construction Management Services for East Bay ferry terminal refurbishment projects.

Director Bellows asked for confirmation of what the total cost of the work would be. Mr. Stahnke responded that it would be \$365,000 for both terminals. He noted that both projects would include federal funding so there would be some extra work required of the selected firm.

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

10. AUTHORIZE RELEASE OF A REQUEST FOR PROPOSALS (RFP) FOR PURCHASE AND INSTALLATION OF LIFE SAVING EQUIPMENT FOR THE ENCINAL AND PERALTA

Mr. Stahnke presented this item requesting that the Board authorize, by motion, the release of a Request for Proposals for Purchase and Installation of Life Saving Equipment (Inflatable Buoyant Apparatus) for the *Encinal* and *Peralta*. Mr. Stahnke noted that this equipment would be meet US Coast Guard requirements for 2015 and that it was included in the capital budget.

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

11. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Chair Johnson called the meeting into closed session at 2:12 p.m. Upon reopening of the meeting at 3:05 p.m. she reported that no action had been taken.

12. ADJOURNMENT

All business having concluded, the meeting was adjourned at 3:05 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2011/12

Recommendation

Accept the Independent Auditor's Annual Financial Reports for the year ending June 30, 2012, as submitted by Maze & Associates, including the following:

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

Background

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

Discussion

The Annual Financial Reports for the fiscal year ending June 30, 2012, issued by Maze and provided for Board acceptance are comprised of 1) The Memorandum on Internal Control; 2) Basic Financial Statements; and 3) Single Audit and Measure B Compliance Report.

Memorandum on Internal Control

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

Basic Financial Statements

The Basic Financial Statements are provided as **Attachment B** to this report. These include an Independent Auditor's Report, Management Discussion and Analysis and Basic Financial Statements for the year ending June 30, 2012. The Independent Auditor's Report provides the opinion that the Authority's basic financial statements present fairly in all material respects the financial position of the Authority at June 30, 2012, and the respective results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Single Audit and Measure B Compliance Report

The Single Audit and Measure B Compliance Report, included as **Attachment C** to this report, is required of the Authority in relation to the receipt of federal grant funds and Alameda County Measure B 2000 Funds in FY 2011/12. This report includes a schedule of expenditures of federal awards, a report on internal controls and compliance related to the federal expenditures and a report on Measure B compliance. Maze has audited the compliance of the Authority with respect to the types of compliance requirements described in 1) OMB Circular A-133 (*Compliance Supplement*) that are applicable to each of the major federal programs providing funding, and 2) the Alameda County Measure B 2000 Funds - Master Programs Funding Agreement. It is Maze's opinion that the Authority complied, in all material respects, with the requirements applicable to the federal program and with the requirements applicable to Measure B 2000 Funds for the year ended June 30, 2012.

Fiscal Impact

None.

END

Attachment A

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

FOR THE YEAR ENDED
JUNE 30, 2012**

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

For the Year Ended June 30, 2012

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MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2012, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

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

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

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

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

A handwritten signature in black ink that reads 'Maze Associates'.

October 5, 2012

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
MEMORANDUM ON INTERNAL CONTROL

STATUS OF PRIOR YEAR OTHER MATTERS

2011 - 1: GASB 57 - OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans (Effective fiscal 2011-12)

The objective of this Statement is to address issues related to the use of the alternative measurement method and the frequency and timing of measurements by employers that participate in agent multiple-employer other postemployment benefit (OPEB) plans (that is, agent employers).

This Statement amends Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions, to permit an agent employer that has an individual-employer OPEB plan with fewer than 100 total plan members to use the alternative measurement method, at its option, regardless of the number of total plan members in the agent multiple-employer OPEB plan in which it participates. Consistent with this change to the employer-reporting requirements, this Statement also amends a Statement No. 43, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, requirement that a defined benefit OPEB plan obtain an actuarial valuation. The amendment permits the requirement to be satisfied for an agent multiple-employer OPEB plan by reporting an aggregation of results of actuarial valuations of the individual-employer OPEB plans or measurements resulting from use of the alternative measurement method for individual-employer OPEB plans that are eligible.

In addition, this Statement clarifies that when actuarially determined OPEB measures are reported by an agent multiple-employer OPEB plan and its participating employers, those measures should be determined as of a common date and at a minimum frequency to satisfy the agent multiple-employer OPEB plan's financial reporting requirements.

Current Status:

The statement has no direct material effect on the financial statements in the near term, but instead affects actuarial study timing and methodology. We have had conversations with our actuary and auditors and are on track to address the effects of this pronouncement.

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REQUIRED COMMUNICATIONS

October 5, 2012

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

We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2012 and have issued our report thereon dated October 5, 2012. Professional standards require that we advise you of the following matters relating to our audit.

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

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

Accounting Policies: Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by the Authority is included in Note 1 to the financial statements. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during 2012. During the year, the following pronouncements became effective without materially impacting the Authority's financial statements:

GASB 64 - *Derivative Instruments: Application of Hedge Accounting Termination Provisions, an amendment of GASB Statement No. 53*

Some governments have entered into interest rate swap agreements and commodity swap agreements in which a swap counterparty, or the swap counterparty's credit support provider, commits or experiences either an act of default or a termination event as both are described in the swap agreement. Many of those governments have replaced their swap counterparty, or swap counterparty's credit support providers, either by amending existing swap agreements or by entering into new swap agreements. When these swap agreements have been reported as hedging instruments, questions have arisen regarding the application of the termination of hedge accounting provisions in Statement No. 53, Accounting and Financial Reporting for Derivative Instruments. Those provisions require a government to cease hedge accounting upon the termination of the hedging derivative instrument, resulting in the immediate recognition of the deferred outflows of resources or deferred inflows of resources as a component of investment income.

The objective of this Statement is to clarify whether an effective hedging relationship continues after the replacement of a swap counterparty or a swap counterparty's credit support provider. This Statement sets forth criteria that establish when the effective hedging relationship continues and hedge accounting should continue to be applied.

Unusual Transactions, Controversial or Emerging Areas: No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus. There have been no initial selections of accounting policies and no changes in significant accounting policies or their application during fiscal 2012.

Estimates: Accounting estimates are an integral part of the financial statements prepared by management and are based on management's current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management's current judgments. The most sensitive accounting estimates affecting the financial statements is depreciation. As discussed in Note 5 to the financial statements, depreciation is calculated using estimated useful lives determined by management. Actual useful lives may vary from these estimates.

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

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

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

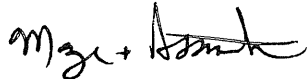
Difficulties: We encountered no serious difficulties in dealing with management relating to the performance of the audit.

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

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

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

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

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Attachment B

**SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2012**

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

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INDEPENDENT AUDITOR'S REPORT

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

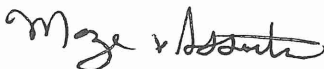
We have audited the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2012, as listed in the table of contents. These basic financial statements are the responsibility of management. Our responsibility is to express an opinion on these financial statements based on our audit.

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

In our opinion, the basic financial statements referred to above present fairly in all material respects the financial position of the Authority at June 30, 2012, and the respective results of its operations and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated October 5, 2012 on our consideration of the Authority internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to this information in accordance with generally accepted auditing standards in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

A handwritten signature in black ink that reads 'Maze & Associates'.

October 5, 2012

Accountancy Corporation
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Pleasant Hill, CA 94523

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) activities and financial performance provides an introduction to the financial statements of the Authority for the fiscal year ended June 30, 2012. The information presented herein should be considered in conjunction with the accompanying financial statements.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

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

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

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

FINANCIAL POSITION SUMMARY

The Authority's assets exceeded liabilities by \$91.8 million at June 30, 2012, a \$13.9 million increase from June 30, 2011.

A condensed summary of the Authority's net assets (in thousands) at June 30 is shown below:

	<u>2012</u>	<u>2011</u>
Assets:		
Current and other assets	\$ 82,317	\$ 83,194
Capital assets	80,358	72,292
Total assets	<u>162,675</u>	<u>155,486</u>
Liabilities:		
Current liabilities	6,178	7,736
Unearned/deferred revenue	64,647	66,419
Other noncurrent liabilities	89	3,435
Total liabilities	<u>70,914</u>	<u>77,591</u>
Net Assets:		
Invested in capital assets, net of debt	80,358	72,292
Restricted	11,358	5,348
Unrestricted reserves	45	255
Total net assets	<u>\$ 91,761</u>	<u>\$ 77,895</u>

The largest portion of the Authority's net assets (87.57% at June 30, 2012) represents its investment in capital assets, less the related debt outstanding used to acquire those capital assets. These capital assets are used to provide services to its passengers.

An additional portion of the Authority's net asset (12.38% at June 30, 2012) represents resources that are subject to external restrictions imposed by creditors, grantors and contributors that restrict the use of net assets. The remaining unrestricted net assets (.05% at June 30, 2012) may be used to meet the Authority's ongoing obligations.

FISCAL YEAR 2012 FINANCIAL HIGHLIGHTS

- Total revenues were \$29.5 million, comprising of \$12.5 million capital contribution and \$17.0 million program operating revenues.
- Program operating expenses before depreciation were \$11.2 million.
- Total assets increased by \$7.2 million (\$162.7 million in 2012 compared to \$155.5 million in 2011).
- Total liabilities decreased by \$6.7 million (\$70.9 million in 2012 compared to \$77.6 million in 2011).

PROGRAM INITIATIVES AND OUTLOOK

As of April 2011, with the transfer of the Alameda/Oakland and Alameda Harbor Bay ferry services from the City of Alameda, the Authority was transformed from primarily a planning agency to an operations and planning agency. 2012 was the Authority's first full year of operations

In October 2011, the Vallejo City Council and the Authority's Board of Directors approved the transition agreement for the Vallejo ferry service. Transition of the Vallejo ferry service was completed on July 1, 2012.

On June 4, 2012, the Authority initiated its first expansion ferry service to South San Francisco. The South San Francisco ferry service provides weekday peak-period service between Alameda, Oakland and Oyster Point in South San Francisco.

As of January 1, 2012, Blue and Gold Fleet (B&GF) is under contract with the Authority to provide operation and maintenance services for the Authority's entire ferry system. The initial contract term is for a period of five years with options for up to five additional years (for a total of up to ten years) to be exercised at the sole discretion of the Authority.

During 2012, the Authority expended \$12.5 million on capital activities. This included the following major projects:

- Construction of the South San Francisco Ferry Terminal (\$8.5 million).
- Construction of the Pier 9 Layover Berthing Facility (\$1.4 million).
- S.F. Berthing Expansion – Environmental/Conceptual Design (\$1.0 million)
- Planning Studies, Environmental Review and Conceptual Design for Potential Future Ferry Services – Cities of Berkeley, Richmond, Antioch, Hercules, Martinez and Redwood City (\$560,000)

During 2012, completed projects totaling \$30.9 million were closed from construction in progress to their respective capital accounts. The major completed projects included:

- Environmental Review, Design and Construction of the South San Francisco Ferry Terminal (\$26.8 million).
- Pier 9 Layover Berthing Facility (\$3.3 million).

The Authority closed its first bond issue in August 2010, San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond Series 2010. This bond issue, totaled \$10.1 million, provides funds for the implementation of the South San Francisco Ferry Terminal project. This bond will be repaid over a three year period. At June 30, 2012, \$2.1 million was outstanding.

The Authority will continue its efforts to manage the operation of the four San Francisco Bay Ferry Routes: Alameda/Oakland – San Francisco, Alameda Harbor Bay – San Francisco, Alameda/Oakland - South San Francisco and Vallejo – San Francisco. Significant effort will be made to fully integrate the Vallejo ferry service into the operation and to manage and monitor the first year of the new South San Francisco ferry 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. Effort will also be focused on implementing system rehabilitation and core capital infrastructure projects. Environmental and conceptual design work associated with potential future expansion services, development of plans to expand berthing capacity in downtown San Francisco and development of maintenance and operations facilities in the central bay and north bay will also continue. Development of these projects will be important to support the long-term vision and sustainability of the Authority’s planned ferry transportation services.

CONTACTING WETA'S FINANCIAL MANAGEMENT

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET ASSETS
JUNE 30, 2012

ASSETS

Current Assets

Cash and cash equivalents (Note 3)	\$68,218,578
Receivables:	
Accounts	3,201,958
Interest	2,832
Security deposit	52,064
Prepaid expenses	<u>1,719,498</u>
 Total Current Assets	 <u>73,194,930</u>

Noncurrent Assets

Restricted cash and investments (Note 3)	<u>9,122,386</u>
 Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	7,675,323
Depreciable capital assets, net	
Ferries	38,585,080
Terminal development rights	3,460,409
Ferry terminal and facilities	30,416,869
Float and equipment	<u>220,398</u>
 Total Capital Assets	 <u>80,358,079</u>
 Total Noncurrent Assets	 <u>89,480,465</u>
 Total Assets	 <u>162,675,395</u>

LIABILITIES

Current Liabilities

Accounts payable	2,570,545
Other accrued liabilities	1,438,215
Accrue interest payable	8,405
Compensated absences (Note 2C)	68,512
Unearned revenue - Prop 1B (Note 5C)	9,000,000
Current portion of long term obligation (Note 6)	<u>2,092,626</u>
 Total Current Liabilities	 <u>15,178,303</u>

Noncurrent Liabilities

Compensated absences (Note 2C)	88,812
Unearned revenue - State Appropriation (Note 5A)	2,242,801
Unearned revenue - Prop 1B (Note 5C)	<u>53,404,566</u>
 Total Noncurrent Liabilities	 <u>55,736,179</u>
 Total Liabilities	 <u>70,914,482</u>

NET ASSETS (Note 9)

Invested in capital assets, net of related debt	80,358,079
Restricted	11,357,875
Unrestricted	<u>44,959</u>
 Total Net Assets	 <u>\$91,760,913</u>

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2012

OPERATING REVENUES

Fare Box Revenues	\$3,351,696
Other	<u>130</u>
 Total Revenues	 <u>3,351,826</u>

PROGRAM OPERATING EXPENSES

Personnel costs	1,605,575
Purchased transportation	5,621,421
Administrative expenses	1,290,390
Legal and consulting	2,429,275
Insurance premiums	274,205
Depreciation (Note 4)	<u>3,980,900</u>
 Total Program Operating Expenses	 <u>15,201,766</u>

OPERATING LOSS (11,849,940)

NONOPERATING REVENUES (EXPENSE)

Intergovernmental	13,071,182
Local Property Tax/Assessments	567,537
Loss on disposal of assets	<u>(448,555)</u>
 Total Nonoperating Expenses	 <u>13,190,164</u>

CAPITAL GRANTS 12,525,599

CHANGE IN NET ASSETS 13,865,823

BEGINNING NET ASSETS 77,895,090

ENDING NET ASSETS \$91,760,913

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2012

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$3,351,826
Payments to vendors and consultants	(11,484,312)
Payments to or on behalf of employees	<u>(1,583,801)</u>
Net cash flows from operating activities	<u>(9,716,287)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	14,583,805
Local Property Tax/Assessments	<u>567,537</u>
Net cash flows from noncapital and related financing activities	<u>15,151,342</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	11,039,696
Payments for capital assets	(12,495,599)
Repayment of long-term obligation	(4,640,374)
Interest on long term debt	<u>(311,873)</u>
Net cash flows from capital and related financing activities	<u>(6,408,150)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest collections	<u>6,768</u>
Net cash flows from investing activities	<u>6,768</u>
Net cash flows	(966,327)
Cash and cash equivalents- beginning of year	<u>78,307,291</u>
Cash and cash equivalents - end of year	<u><u>\$77,340,964</u></u>

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

Operating loss	(\$11,849,940)
Depreciation	3,980,900
Change in assets and liabilities:	
Security deposits	(575)
Prepaid expenses	(1,600,470)
Accounts payable	(1,542,081)
Other accrued liabilities	1,274,105
Compensated absences	<u>21,774</u>
Net cash flows from operating activities	<u><u>(9,716,287)</u></u>

See accompanying notes to financial statements

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 1 – REPORTING ENTITY

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

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

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

A. *Basis of Presentation*

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

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

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

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

**SAN FRANCISCO BAY AREA WATER
 EMERGENCY TRANSPORTATION AUTHORITY
 NOTES TO BASIC FINANCIAL STATEMENTS
 For the Year Ended June 30, 2012**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

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

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

C. Compensated Absences

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

The changes in compensated absences were as follows:

Balance at June 30, 2011	\$135,550
Additions	199,642
Payments	<u>(177,868)</u>
Balance at June 30, 2012	<u>\$157,324</u>
Due within one year	<u>\$68,512</u>

D. Estimates

The Authority's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3 - CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

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

Cash and investments comprised of the following at June 30, 2012:

Cash and Investments:	
Cash in Banks	\$745,877
Cash in Banks for Prop 1B and Measure B	65,297,716
LAIF	2,174,985
Total Cash and Investments	\$68,218,578
Restricted Cash and Investments:	
Commercial Paper	\$9,122,386
Restricted Cash and Investments:	\$9,122,386

B. Investments Authorized by the Authority

The California Government Code allows the Authority to invest in the following types of investments.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities and Government Sponsored Enterprise Agencies	N/A	N/A	No Limit	No Limit
State Obligations	5 years	N/A	No Limit	No Limit
Local Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	N/A	Highest	30%	No Limit
Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 Days	A-1	25%	10%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000 per account	\$50,000,000 per account

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3 - CASH AND INVESTMENTS (Continued)

C. *Investments Authorized by Debt Agreements*

The Authority must maintain required amounts of cash and investments with trustees or fiscal agents under the terms of certain debt issues. These funds are unexpended bond proceeds or are pledged as reserves to be used if the Authority fails to meet obligations under these debt issues. The California Government Code requires these funds to be invested in accordance with Authority ordinance, bond indentures or State statute.

The table below identifies the investment types that are authorized for investments held by fiscal agents. The table also identifies certain provisions of these debt agreements:

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities and Government Sponsored Enterprise Agencies	N/A	N/A	No Limit	No Limit
State Obligations	5 years	N/A	No Limit	No Limit
Local Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	N/A	Highest	30%	No Limit
Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 Days	A-1	25%	10%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000 per account	\$50,000,000 per account

D. *Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool and commercial paper are approximately 268 days and 15 days, respectively.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 3 - CASH AND INVESTMENTS (Continued)

E. Credit and Concentration Risk

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF is not rated by a nationally recognized statistical rating organization. Commercial paper was rated A1+ at year end.

Investments in the securities of any individual issuer, other than U. S. Treasury securities, mutual funds, and external investment funds that represent 5% or more of total investments at June 30, 2012 were commercial paper held with the financial institution, U.S. Bank in the amount of \$9,122,386.

F. Custodial Credit Risk

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

G. Local Agency Investment Fund

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

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 4 – CAPITAL ASSETS

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

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

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

Ferries	25 years
Ferry Terminal/Facilities	50 years
Terminal Development Rights	55 years

Construction in Progress Net Financing Costs - Interest incurred and the amortization of issuance costs on debt used to finance projects are netted with interest earned on unspent proceeds of the debt. These "Net Financing Costs" are capitalized and added to construction in progress during the construction period to reflect the true project costs, including financing costs. During the year ended June 30, 2012, the Authority capitalized interest cost of \$298,876, net of interest earned on unexpended proceeds of \$5,574.

Capital Assets activity was as follows for the year ended June 30, 2012:

	June 30, 2011	Additions	Transfers	Retirements	June 30, 2012
Capital assets not being depreciated:					
Construction in progress	\$26,007,892	\$12,525,599	(\$30,858,168)		\$7,675,323
Total assets not being depreciated	<u>26,007,892</u>	<u>12,525,599</u>	<u>(30,858,168)</u>		<u>7,675,323</u>
Capital assets being depreciated:					
Ferries	45,219,991		158,510	(\$538,374)	44,840,127
Terminal development rights	3,660,000				3,660,000
Ferry terminal and facilities			30,522,220		30,522,220
Floats and equipment	90,000		177,438		267,438
Total assets being depreciated	<u>48,969,991</u>		<u>30,858,168</u>	<u>(538,374)</u>	<u>79,289,785</u>
Less accumulated depreciation for:					
Ferries	(2,552,095)	(3,762,771)		59,819	(6,255,047)
Terminal development rights	(133,045)	(66,546)			(199,591)
Ferry terminal and facilities		(105,351)			(105,351)
Float	(808)	(46,232)			(47,040)
Total accumulated depreciation	<u>(2,685,948)</u>	<u>(3,980,900)</u>		<u>59,819</u>	<u>(6,607,029)</u>
Net capital assets being depreciated	<u>46,284,043</u>	<u>(3,980,900)</u>	<u>30,858,168</u>	<u>(478,555)</u>	<u>72,682,756</u>
Capital Assets, Net	<u>\$72,291,935</u>	<u>\$8,544,699</u>		<u>(\$478,555)</u>	<u>\$80,358,079</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5 – MAJOR FUNDING SOURCES

A. State Appropriation

The Authority received a single \$12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, the Senate bill stated that the Water Transit Authority's funds will be transferred to the Authority. As of June 30, 2012, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of 6/30/12	<u>(9,765,273)</u>
Unearned appropriation as of beginning of period	2,234,727
Fiscal year 2012:	
Interest income	<u>8,074</u>
Unearned appropriation as of period end	<u><u>\$2,242,801</u></u>

B. Regional Measure

Regional Measure 1 (RM1) - In November 1988, Bay Area voters approved Regional Measure 1 (RM1), which authorized a standard auto toll of \$1 for all seven state-owned Bay Area toll bridges. The additional revenues generated by the toll increase were identified for use for certain highway and bridge improvements, public transit rail extensions, and other projects that reduce congestion in the bridge corridors. The Authority is receiving the portion of RM1 funding intended for water transportation services, facilities and vessels. As of June 30, 2012, the Authority had expended total allocated funds of \$2,159,313, in which \$1,605,598 was used for operations and \$553,715 was used for capital. A total of \$2,030,464 was received in cash and the balance, \$28,199, is in a receivable balance.

Regional Measure 2 (RM2) - On March 2, 2004, voters approved Regional Measure 2 (RM2), raising the tolls on the seven State-owned toll bridges in the San Francisco Bay Area by \$1. This toll increase is to fund various transportation projects within the region that have been determined to reduce congestion or to improve travel in the toll bridge corridors. The Authority is receiving the portion of RM2 funding intended for water transportation services, facilities and vessels. The Authority was allocated \$13,573,200 to be used for operations, \$5,000,000 to be used for debt service and \$1,074,594 to be used for capital projects in the year ended June 20, 2012. As of June 30, 2012, the Authority had expended total allocated funds of \$12,228,284, had received \$11,718,644 in cash and had a receivable balance of \$509,639.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

C. Proposition 1B (CTSGP-RPWT) Projects

Pursuant to state Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the bay area region. As of June 30, 2012, the Authority had been awarded \$75 million in Proposition 1B allocations.

With the enactment of AB1203 on January 1, 2010, the Authority was entitled to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received \$44,679,939. During fiscal 2010-11, the Authority received an additional \$25,000,000 in allocations. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B projects for the year ended June 30, 2012 are as follows:

Project Name	Grant Allocations	Expended in Fiscal Year		Unearned Revenue at 06/30/12
		Prior years	2011-2012	
Preliminary Investigation & Environmental Review of Redwood City, Richmond, Antioch and Martinez	\$3,250,000	(\$251,466)	(\$290,322)	\$2,708,212
Final Design for Berkeley and Hercules Terminals	5,500,000	-	(86,738)	5,413,262
Berkeley Terminal and Vessel Construction	5,000,000	-		5,000,000
South San Francisco Terminal and Vessel Construction	10,000,000	(9,173,806)	(169,250)	656,944
Maintenance Barge/Facility and Emergency Floats	15,250,000	(1,234,426)	(1,065,771)	12,949,803
Central Bay and North Bay Maintenance Facilities	27,000,000	-		27,000,000
San Francisco Berthing Expansion	9,000,000	(223,562)	(227,351)	8,549,087
Total	\$75,000,000	(\$10,883,260)	(\$1,839,432)	62,277,308
Add interest earned in prior years				68,018
Add interest earned in current year				59,240
Unearned Revenues				\$62,404,566

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

D. Measure B Program

Measure B, approved by the voters of Alameda County in 2000, accounts for a pro-rata share of the one-half sales tax, funds to be collected for a duration of 20 years. This measure was adopted with the intention that the funds generated by the additional sales tax will not fund expenditures previously paid for by property taxes, but rather, would be used for additional projects and programs.

In fiscal year 2011, the transfer of the Alameda/Oakland Ferry Service and the Alameda Harbor Bay Ferry Service from the City of Alameda and the Alameda Reuse and Redevelopment Authority to the Authority included Measure B monies. Measure B monies are used to finance the facilities and operations of the ferry services. During the year ended June 30, 2012, the Measure B program activity was as follows:

Measure B Program Revenues:	
Measure B Sales Tax Revenue	\$838,520
Interest Earned	1,755
Total Measure B Revenues	840,275
 Measure B Program Expenditures:	
Vessel Engine Overhaul - Peralta	(120,597)
Vessel Mid-Life Refurbishment - Bay Breeze	(10,664)
Harbor Bay Pile Repair	(1,639)
Alameda Parking Lots Rehabilitation	(30,158)
Total Measure B Expenditures	(163,058)
 Net change in Net Assets	 677,217
 Unspent Measure B Revenues as of Beginning of the Year:	 1,825,246
 Unspent Measure B funds as of the End of the Year:	 \$2,502,463
 Reserves:	
Capital Fund Reserves	\$2,502,463
 Unspent Measure B funds as of the End of the Year:	 \$2,502,463

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

Measure B Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the Authority is to expend Measure B funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the Authority. Specific reserves are described as follows:

Capital Fund Reserve – The Authority may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure B funds. The Authority may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2012, the Authority's Capital Fund Reserve amounted to \$2,502,463 and has been retained to fund the following capital projects relative to the Alameda ferry services:

- Mid-Life Repower and Refurbishment of the Bay Breeze
- Purchase Replacement Ferry Vessel

Operations Fund Reserve - The Authority may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2012, the Authority has not established an Operations Fund Reserve.

Undesignated Fund Reserve - The Authority may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2012, the Authority has not established an Undesignated Fund Reserve.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 6 – LONG TERM OBLIGATION

On August 3, 2010, the Authority issued a \$10.1 million revenue bond to finance the construction of the South San Francisco ferry terminal. The bond bears interest at 4.632 percent and matures on June 1, 2013 with principal amounts due on June 1, and interest payments due on June 1 and December 1 of each year. The bond is payable from a pledge of RM2 Operating Revenues and Measure A Revenues. On June 1, 2012, the Authority amended their long term obligation agreement to provide for a revised Mandatory Sinking Payment schedule that adds a principal payment of \$1,273,374 due June 29, 2012, which reduces the outstanding balance due upon maturity.

	Balance June 30, 2011	Retirements	Balance June 30, 2012	Current Portion
Revenue Bond,				
Series 2010	\$6,733,000	(\$4,640,374)	\$2,092,626	\$2,092,626
Total	<u>\$6,733,000</u>	<u>(\$4,640,374)</u>	<u>\$2,092,626</u>	<u>\$2,092,626</u>

The terms of the indenture state that following resources are pledged to repay the outstanding debt service on the bonds: Regional Measure 2 operating revenues and all Measure A revenues and reserve funds held by the trustee for the payment of principal and interest on the bonds.

	For The Year Ended June 30, 2012
Pledged Revenue:	
RM2 revenues	\$5,000,000
Measure A	4,531,356
Total Revenues	<u>\$9,531,356</u>
Debt service:	
Principal repayments	\$4,640,374
Interest expense	311,873
Debt Service	<u>\$4,952,247</u>
Coverage	<u>192%</u>
Restricted cash and investments	June 30, 2012
Interest Account	\$12,558
Measure A Holding Fund	5,854,362
	<u>\$5,866,920</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 6 – LONG TERM OBLIGATION (Continued)

Annual debt service requirements are shown below with specified repayment terms:

For the Year Ending June 30	Principal	Interest	Total
2013	\$2,092,626	\$101,518	\$2,194,144

NOTE 7 – LEASE OBLIGATION

The Authority and Port of San Francisco entered into a lease agreement on December 1, 2011. The agreement allows the Authority to lease three parcels for office space, nonexclusive apron space and the exclusive use of lay berth area for ferry berthing. The annual lease payment is \$244,170 and each parcel amount is subject to a 3% annual adjustment with a minimum adjustment of \$0.01 (1 cent). The lease expires on November 30, 2016.

NOTE 8 – RISK MANAGEMENT

The Authority purchased the following insurance policy covered at June 30, 2012:

Type of Coverage	Limit	Deductible
	\$1,000,000 to	
General liability	\$2,000,000	\$2,500
Workers Compensation	1,000,000	
Employment practice	2,000,000	15,000
Direct physical loss or damage (excluding earthquake or flood)	25,000,000	1,000
<u>Type of Coverage (related to Ferry Services)</u>		
	\$1,000,000 to	
Marine terminal commercial liability	\$2,000,000	\$2,500 10,000 to
Dock, pilings & ramps	18,973,405	20,000
Excess marine liability	9,000,000	

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 9 – NET ASSETS

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

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

Restricted describes unexpended Measure B revenues and Measure A revenues. Measure A funds are pledged for repayment of debt, however once the debt has been repaid Measure A funds are available and can be used for any lawful purpose.

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

NOTE 10 - PENSION PLAN

All Authority employees are eligible to participate in pension plans offered by California Public Employees Retirement System (CALPERS), a cost-sharing multiple-employer defined benefit pension plan which acts as a common investment and administrative agent for its participating member employers. CALPERS provides retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. The Authority’s employees participate in the Miscellaneous Employee Plan. Benefit provisions under the Plan are established by State statute and Authority resolution. Benefits are based on years of credited service, equal to one year of full time employment. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CALPERS. The Plan’s provisions and benefits in effect at June 30, 2012, are summarized as follows:

	<u>Miscellaneous</u>
Benefits vesting schedule	5 years service
Benefits payments	Monthly for life
Retirement age	50
Monthly benefits, as a % of annual salary	2 % - 2.5%
Required employee contribution rate	8.00%
Required employer contribution rate	14.956%

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

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 10 - PENSION PLAN (Continued)

CALPERS uses a market related value method of valuing the Plan's assets. Investment gains and losses are accumulated as they are realized and ten percent of the net balance is amortized annually.

An investment rate of return of 7.75% is assumed, including inflation at 3%. Annual salary increases are assumed to vary by duration of service. Changes in liability due to plan amendments, changes in actuarial assumptions, or changes in actuarial methods are amortized as a level percentage of payroll on a closed basis over twenty years.

Actuarially required contributions for fiscal years 2012, 2011 and 2010 were \$288,828, \$235,117, and \$210,310, respectively. The Authority made these contributions as required, together with certain immaterial amounts required as the result of the payment of other additional employee compensation.

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

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

Valuation Date	Entry Age Accrued Liability	Value of Assets	Unfunded Liability	Funded Ratio	Annual Covered Payroll	Unfunded Liability as % of Payroll
2008	\$1,537,909,933	\$1,337,707,835	\$200,202,098	87.0%	\$333,307,600	60.1%
2009	1,834,424,640	1,493,430,831	340,993,809	81.4%	355,150,151	96.0%
2010	1,972,910,641	1,603,482,152	369,428,489	81.3%	352,637,380	104.8%

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

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS

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

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

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

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

As of June 30, 2012, three participants were eligible to receive benefits.

A. Funding Policy and Actuarial Assumptions

The annual required contribution (ARC) was determined as part of the June 2011 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 3% health inflation increase. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The Authority's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 28 year closed amortization period.

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

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2012, the Authority contributed the ARC amounting to \$55,871 to the plan which represented 4.8% of the \$1.16M of covered payroll. The Authority also contributed additional funds to CERBT representing funds accumulated in prior years. As a result, the Authority did not have a Net OPEB Obligation at June 30, 2012, as presented below:

	Amounts
Net OPEB Obligation June 30, 2011	\$0
Annual required contribution (ARC)	55,871
Contributions to CERBT	(55,871)
Change in net OPEB Liability	0
Net OPEB Obligation June 30, 2012	\$0

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 2011, amounted to \$2,542,000 and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2012, the Authority transferred additional contributions to CERBT, which along with investment earnings totaled \$177,574 and reduced the unfunded actuarial accrued liability.

The Plan's estimated annual required contributions and actual contributions for the years ended June 30, 2010, 2011 and 2012 are set forth below:

Fiscal Year	Estimated Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2010	\$36,718	\$82,718	225%	\$0
6/30/2011	41,081	41,081	100%	0
6/30/2012	55,871	55,871	100%	0

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 11 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

The Schedule of Funding Progress presents trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits. Trend data from the actuarial study is presented below:

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A – B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A – B)/C]
June 30, 2009	\$0	\$1,962,000	\$1,962,000	0.00%	\$720,807	272.19%
June 30, 2011	1,315,000	2,542,000	1,227,000	51.73%	1,242,000	98.79%

NOTE 12 – COMMITMENTS AND CONTINGENCIES

The Authority participates in Federal and State and local grant programs. These programs have been audited by the Authority's independent accountants through the fiscal year ended June 30, 2012, in accordance with the provisions of the Federal Single Audit Act Amendments of 1996 and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2012, the Authority had made commitments for construction of the following projects:

<u>Project</u>	
Clay Street Passenger Float Replacement	\$2,103,447
Channel Dredging - Harbor Bay	32,758
Vessel Engine Overhaul - Encinal	5,235,596
Vessel Mid-Life Refurbishment - Bay Breeze	39,953
Antioch - Environ/Conceptual Design	652,496
Berkeley/Albany Terminal	84,980
Central Bay Operations & Maint. Facility	232,960
Hercules - Prelim Investigation/Environ	17,742
Martinez - Environ/Conceptual Design	611,402
Pier 9 Berthing Facility	27,323
Redwood City - Environ/Conceptual Design	543,114
Richmond - Environ/Conceptual Design	439,451
SF Ferry Terminal Expansion	863,542
South San Francisco Ferry Terminal	737,204
Total	<u>\$11,621,968</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2012**

NOTE 13 – SUBSEQUENT EVENT

Baylink Ferry Service

On January 1, 2008, the State of California's Senate Bill 976 became law repealing prior legislation that created the San Francisco Bay Area Water Transit Authority (WTA) and established a new agency, the San Francisco Bay Area Water Emergency Transportation Authority (WETA). WETA has specified powers and duties, including but not limited to, taking over the City of Vallejo's (City) Baylink ferry service operation and facilities and coordinating the emergency activities of water transportation on the bay.

The impact of the law to WETA's ferry service may include, but is not limited to the transfer of ownership of the City's ferries and ferry assets; transfer of grant funding for current and future transit operation and capital funding and financial impact to transit-oriented development projects currently underway and planned for the future.

"Clean up" legislation to this law, Senate Bill 1093 (Wiggins), was approved and enacted into law on September 27, 2008 clarifying the planning, management, and operations responsibilities of the water transportation services vested in the WETA.

The City of Vallejo and the WETA worked collaboratively as required by this legislation and the Transition Plan was adopted by the WETA Board on June 8, 2009. The WETA Board of Directors approved the Vallejo Transfer Agreement on October 6, 2011, and the Vallejo City Council approved it on October 11, 2011. WETA legal counsel and staff continued work to finalize the document for execution and on the necessary due diligence and pre-closing activities required prior to the close of escrow and transfer of the service to WETA. The system transfer was completed on July 1, 2012.

Attachment C

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

**SINGLE AUDIT REPORT AND
MEASURE B COMPLIANCE REPORT
FOR THE YEAR ENDED JUNE 30, 2012**

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT AND
MEASURE B COMPLIANCE REPORT
For The Year Ended June 30, 2012

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2012**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

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

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

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

Identification of major programs:

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

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

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated October 5, 2012 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

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

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported

Federal Award Prior Year Findings and Questioned Costs

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2012**

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Identifying Number</u>	<u>Federal Expenditures</u>
Department of Transportation, Federal Transit Administration Direct Programs Highway Planning and Construction Grants SSF Ferry Terminal	20.205	CA-70-X012	<u>\$3,000,000</u>
Subtotal Highway Planning and Construction Grant			<u>3,000,000</u>
Federal Transit Cluster			
Department of Transportation, Federal Transit Administration Direct Programs Federal Transit Capital Investment Grant: SSF Ferry Terminal - 5309	20.500	CA-04-0111	362,485
SF Berthing - Environmental/Conceptual Design	20.500	CA-04-0160	<u>741,979</u>
Subtotal Federal Capital Transit Investment Grants			<u>1,104,464</u>
Federal Transit Formula Grant: Muni Section 5307 FY 2009 & 2010 Formula Grant	20.507	CA-90-Y859	593,843
Muni Section 5307 FY 2011 Formula Grant	20.507	CA-90-Y923	<u>21,504</u>
Subtotal Federal Transit Formula Grants			<u>615,347</u>
Total Federal Transit Cluster			<u>1,719,811</u>
 Total Department of Transportation and Expenditures of Federal Awards			<u><u>\$4,719,811</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2012**

NOTE 1-REPORTING ENTITY

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

NOTE 2-BASIS OF ACCOUNTING

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

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

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

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

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

We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 5, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

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

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

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

Compliance and Other Matters

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

We have also issued a separate Memorandum on Internal Control dated October 5, 2012 which is an integral part of our audits and should be read in conjunction with this report.

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


October 5, 2012

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

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

Compliance

We have audited San Francisco Bay Area Water Emergency Transportation's (Authority) compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2012. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Authority's management. Our responsibility is to express an opinion on the Authority's compliance based on our audit.

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

In our opinion, the Authority complied, in all material respects, with the compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012.

Internal Control Over Compliance

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

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

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

Schedule of Expenditures of Federal Awards

We have audited the financial statements of the Authority as of and for the year ended June 30, 2012, and have issued our report thereon dated October 5, 2012 which contained an unqualified opinion on those financial statements. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise the Authority's financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*, and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain other procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditure of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

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

October 5, 2012

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

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

We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2012, and have issued our report thereon dated October 5, 2012. We conducted our audit in accordance with generally accepted auditing standards in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Compliance

We have audited the Authority's compliance with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, between the Authority and Alameda County Transportation Commission, for the year ended June 30, 2012. Compliance with the Measure B Requirements referred to above is the responsibility of the Authority's management. Our responsibility is to express an opinion on Authority's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States and Measure B Requirements. Those standards and require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with Measure B Requirements could have a material effect on Measure B Program Revenues, Expenses and Changes in Net Assets included in Note 5D to the Authority's Basic Financial Statements. An audit includes examining, on a test basis, evidence about the Authority's compliance with Measure B Requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of the Authority's compliance with Measure B Requirements.

In our opinion, the Authority complied, in all material respects, with the laws, regulations, contracts and grant requirements, as specified in the *Master Programs Funding Agreement*, that are applicable to the Authority's Measure B Program for the year ended June 30, 2012.


Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with Measure B Requirements. In planning and performing our audit, we considered the Authority's internal control over compliance to determine the auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

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

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

This report is intended solely for the information and use of the Authority's Board, management, the Alameda County Transportation Commission, its Board and Committees, others within the entity, and members of the public that will examine compliance information and is not intended to be and should not be used by anyone other than these specified parties.



October 5, 2012

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Authorize Change in Status for One Full-Time Planner Position

Recommendation

Authorize a change in status, from "Limited Term" to "Permanent", for one existing full-time planner position within the organization.

Background

As a part of the FY 2010/11 Operating Budget the Board of Directors approved the addition of one full-time, limited term planning position to the organization in order to support the anticipated increase in capital program planning, development and construction activities. The position was filled in January for a 2.5 year term due to expire in 2013. With the subsequent transition of Alameda and Vallejo services to WETA, the start of the South San Francisco service, continuing environmental studies, site and service development for Antioch, Martinez, Richmond, Berkeley and Redwood City expansion services and ongoing general service and emergency response planning activities there is sufficient work to justify conversion of this position from a limited term to permanent position within the organization.

Staff recommends that the Board authorize changing the status of the "limited-term" planner position within the organization to a "permanent" position effective immediately.

Fiscal Impact

There is no new fiscal impact associated with this item as funding for this position is included in the FY 2012/13 Operating Budget.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Chad Mason, Planner/Analyst

SUBJECT: Richmond Ferry Terminal Project Update

Recommendation

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

Discussion

The purpose of this informational item is to provide an overview of the Richmond Terminal Project with an update of project status and next steps. The Richmond service would provide a new ferry route between the Ford Peninsula in the City of Richmond and downtown San Francisco. The 2035 projected daily ridership for the Richmond service is up to 1,715 passenger trips (equals approximately 858 round-trip passengers).

The proposed terminal would be located at the southern point of the Ford Peninsula adjacent to the Ford Building and along an existing wharf, replacing an existing facility that consists of a gangway and passenger float. The proposed terminal would include landings, a new gangway, passenger float, ramping system, and piles. Other project components include vehicle and bicycle parking and an access gate with informational signage. The project includes public access improvements to the Bay Trail and construction of a new kayak launch in Marina Bay to replace an existing launch that is proposed to be removed as part of the project. Staff is coordinating with the City of Richmond, Orton Development Inc. (ODI), BCDC and other stakeholders on project design details.

The environmental review process includes review of the proposed project in accordance with the California Environmental Quality Act (CEQA) and the National Environmental Policy Act (NEPA). This process started in June 2012 with public and resource agency scoping meetings. The purpose of these meetings was to present information on the proposed project and to provide an opportunity for comment on the scope of the environmental analysis. Comments received during this process also helped to inform the conceptual design.

In compliance with CEQA requirements, an Initial Study/Mitigated Negative Declaration (ISMND) has been prepared for the project by ATKINS. Staff is currently reviewing an administrative draft of the ISMND. The ISMND considers potentially significant impacts associated with the project including aesthetics, air quality, biological resources, greenhouse gas emissions, cultural resources, geology and soils, hazards and hazardous materials, hydrology and water quality, noise, and transportation/traffic.

Staff anticipates publication of the draft ISMND in early 2013. Publication of the document will be followed by a 30-day public and agency review period pursuant to CEQA requirements. At the end of the 30-day public review period, staff will consider the proposed Mitigated Negative Declaration together with any comments received during

the public review process in making a recommendation to the Board regarding adopting the Mitigated Negative Declaration. Should the Board adopt the Mitigated Negative Declaration for this project, a Notice of Determination would be filed with the State Clearinghouse, initiating a 30-day statute of limitations on court challenges to approval under CEQA.

The proposed project will also need to comply with NEPA requirements, as federal funds will be used for the proposed project. Staff has worked in consultation with the Federal Transit Administration (FTA), the lead federal agency for the project, in developing the environmental work to date. After completion of the CEQA process staff will work with FTA to determine the appropriate final level of NEPA review. It is anticipated that a Categorical Exclusion or Environmental Assessment will be required and can be completed shortly after the CEQA process is concluded.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Summary of 2012 Emergency Response Activities

Recommendation

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

Discussion

This item provides a summary of WETA's emergency response activities during 2012.

Provision of Emergency Response Services:

On the morning of June 14, 2012, a fire shut down all BART service between the East Bay and San Francisco for the entire morning commute until about 4:30 pm. WETA took immediate action to enhance San Francisco Bay ferry service to assist stranded commuters. Service changes included:

- Three ferries were added to Alameda-Oakland Route
- One additional ferry worked the Harbor Bay route between Alameda and San Francisco
- An unscheduled run was added between AT&T Park and Oakland to accommodate Giant's fans attending that day's game to keep the impact at the destination terminal to a minimum
- The number of ferry departures increased from the usual 25 round trips to 46 round trip
- No ferries were added to the newest South San Francisco route, but passenger counts nearly doubled

On this day, ridership on all East Bay ferry routes nearly quadrupled, reaching over 9,500 boardings compared to a typical weekday when the routes carry approximately 2,500 passengers.

June 14, 2012 BART Fire

	Ridership June 14	Ridership Normal Day	Percent Change	Total RTs June 14	Total RTs Normal Day	Percent Change
Alameda/Oakland	7594	1624	368%	31	13	138%
Harobr Bay	1279	747	71%	10	7	43%
South San Francisco	295	125	136%	5	5	0%
Unscheduled AT&T Park	363	n/a	n/a	n/a	n/a	n/a
Total Passengers	9531	2496		46	25	

Participation in Emergency Preparedness Working Groups:

- MTC Trans Response Plan (TRP) Steering Committee
 - The TRP defines agencies functions, responsibilities and procedures for developing and implementing a comprehensive multimodal transportation response to a regional emergency.

- Steering Committee is comprised of regional transportation agencies which meet monthly to support interagency coordination and exercise planning.
- Harbor Safety Committee Ferry Operations Work Group
 - The Ferry Operations Work Group reviews navigational safety issues and also conducted a V-MAP exercise and made changes to the plan to reflect lessons learned, and worked closely with the Port of San Francisco and AC34 organizers to develop sailing protocols during the 2012/13 events.
- Regional Incident Mobility Plan (RIMP) Working Group
 - Establishes a regional multi-modal transportation lifeline framework to support emergency response, restoration, and economic resiliency.
 - Identifies transportation resources necessary to support the prioritized regional transportation needs.
 - Provides a common operating picture or map of the status and designated use of multimodal lifeline routes and allocation of transportation resources.
 - Steering Committee is comprised of MTC, Caltrans, and WETA.
- City and County of San Francisco Lifelines Council
 - The City and County of San Francisco convenes Lifelines Council meetings under the Resilient SF Initiative with a purpose and scope focused on post-disaster reconstruction and recovery.
- City and County of San Francisco Disaster Council
 - The Council meets quarterly at the call of the Mayor to share information about the emergency planning activities of the City.
- Port of San Francisco, Waterborne All-Hazard Response Plan, Steering Committee
 - WETA participated with the Port of San Francisco and other maritime stake holders to develop the Port of San Francisco, Waterborne All-Hazard Response Plan. This plan was completed in July, 2012.

Participation in Emergency Response Exercises:

- MTC Functional Exercise 2012 - The MTC FE 2012 was designed to exercise a coordinated regional response to a strong (M6.9) earthquake in the Bay Area based on the Trans Response Plan (TRP) and the San Francisco Bay Area Regional Transportation Emergency Management Plan (RTEMP), utilizing the processes contained in the National Incident Management System (NIMS) and the California Standardized Emergency Management System (SEMS). Exercise objectives included:
 - EOC Management
 - Intelligence & Info-sharing and Dissemination
 - Emergency Public Information and Warning
 - Incident Communications
- 2012 Golden Guardian San Francisco Bay Area Transportation Tabletop Exercise - This Exercise (December 12) involved local, state, and federal agencies as well as private transportation companies that would respond to a catastrophic earthquake in the Bay Area, The exercise focused on:
 - San Francisco Regional Emergency Coordination Plan and the Mass Transportation/Evacuation Plan Annex.
 - Communication channels between local, state and federal agencies and jurisdictions concerning detour/lifelines routes.

- Exercise key decisions in the allocation of scarce transportation resources.
- 2013 Golden Guardian Exercise
The goal of Golden Guardian is to exercise and assess emergency operations plans, policies, and procedures for all-hazards/catastrophic incidents at the local, regional, and state levels.

Emergency Facility Study:

WETA currently utilizes its existing facilities and vessel fleet to provide emergency response and recovery transportation services. This includes existing terminal facilities in Alameda, Oakland, San Francisco and Vallejo. It is intended that near term expansion terminals such as Berkeley, Richmond, and Treasure Island would also be available for the provision of emergency services, as necessary, after these facilities are constructed. WETA is limited in its ability to construct facilities for the sole purpose of emergency response due to the lack of an operating subsidy for such purpose; emergency facilities would require on-going maintenance and rehabilitation to ensure the facilities would be operational in the event of an emergency. WETA is studying options for emergency response facilities to better understand the cost of building facilities exclusively for emergency response and disaster recovery purposes. This study will examine design issues, deployment logistics (including mooring and relocation to locales as needed) and will develop construction and life cycle cost estimates that can be used to further consider the cost-benefit of such facilities and to advocate for special operating funds for this purpose.

Emergency Response Training Activities:

- NIMS & ICS Training - WETA employees have been certified in the National Incident Management System (NIMS) and the Incident Command System to provide the knowledge and command structure in order to staff the WETA Emergency Operations Center (EOC) and work with MTC, CalEMA, other transit operators and emergency management agencies in the event of a disaster.
- Operation of WETA's EOC – WETA tests its ability to activate its EOC, and follow the agency's internal and regional emergency plans annually in conjunction with regional exercises in which WETA participates.
- Regional Transit Coordination - The construction of the Bay Bridge and the temporary closures associated with the project has allowed WETA to practice coordinating with other Bay Area transit operators to provide alternative transportation to the Bay Bridge.
- Regional Communication Check - WETA participates in a monthly Satellite phone test with MTC, transportation agencies, Regional and County Office of Emergency Services in the Bay Area to ensure that phones are operational and all staff members are familiar operating satellite phones.
- Quarterly Executive Management Satellite Phone Test - Each quarter, executive management of all Bay Area transit agencies test satellite phone communications capabilities.
- Vessel Mutual Aid Assistance (VMAP) Exercises - WETA requires its contracted operator to participate annually in US Coast Guard VMAP rescue exercises.

Facility and Resource Preparedness:

- Emergency Contracts for Structural Assessments - This on-call list allows WETA to have access to structural engineers to assess our facilities in order to provide emergency ferry service as fast as possible after an earthquake.

- Local Hazard Mitigation Plan - WETA is required to have a Local Hazard Mitigation Plan (LHMP) in order to receive full reimbursement from the federal or state government for the cost of repairing damaged facilities. This year staff will revise the LHMP to include vessels and facilities WETA inherited as a part of the Alameda and Vallejo transitions.
- Master Mutual Aid Agreement with San Francisco Bay Area Transit Operators - allows participating agencies to share equipment, personnel, supplies and other goods and services to each other under emergency conditions so that transit services experience minimal interruption and can recover rapidly after a disruption to the transportation network.
- Pier 9 Berthing - This facility was developed for layover berthing but was also designed to be used for passenger loading/unloading in the event of an emergency. This facility could potentially be moved to another area and used as temporary float and/or loading facility to provide emergency response.
- Interoperable Float Design - As WETA replaces existing or constructs new floats, floats are designed to be interoperable, capable of serving multiple ferry vessel types.

Communications Projects and Equipment:

- Interoperable Communications Equipment - WETA was awarded a 2010 and 2011 Port Security grant to purchase interoperable communication equipment for use in both day-to-day transit operations and emergency response. WETA is partnering with San Francisco Department of Emergency Services joining their radio network. The system will use the standards based multi-band P25 suite of voice services for communications between agency personnel, WETA's contracted operator, neighboring ports, emergency communications systems and any public safety agency in California.
- Satellite Phones - WETA has four satellite phones, both the Executive Director and the Operations Manager have access to these phones, enabling them to have inter-agency emergency communications.
- Government Emergency Telecommunications Service (GETS) - GETS provides emergency access and priority processing in the local and long distance segments of the Public Switched Telephone Network (PSTN). 3 WETA employees have GETS Cards.
- Wireless Priority Service (WPS) - Similar to GETS, WPS provides national security and emergency preparedness personnel with emergency access and priority processing when making cellular calls. Three WETA employees have WPS on their cell phones.
- San Francisco Bay Regional Ferry System Security and Interoperability Enhancements – Participation in this Port of San Francisco-lead project funded with a Port Security grant. The project consists of an online ferry schedule management system, digital displays for providing real-time ferry service and emergency information to ferry patrons and an enhanced onboard electronic chart system. The project will also standardize and import, in real-time, ferry schedule updates into the 511 Transit Trip Planner; add real-time ferry information to 511 Departure Times; and improve communications with ferry riders and operators.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Summary of First Quarter FY 2012/13 Operating Statistics and Special Event Services

Recommendation

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

Background/Discussion

FY 2012/13 is a milestone year for San Francisco Bay Ferry (SFBF) in that it is the first full year of operating fully consolidated and expanded regional ferry services under WETA's regional service umbrella. Significant operational events to date this year include:

- July 1 - Transfer of the Vallejo Ferry system to SFBF
- July 1 - Consolidation of operations/maintenance under single Blue & Gold Fleet contract
- October 1 - Clipper implemented on the Alameda/ Oakland and Harbor Bay routes
- October 1 - Return of fully refurbished vessel *Mare Island* to Vallejo service
- October 31 - Vallejo record ridership day for the Giants World Series Victory Parade

First Quarter Operating Data

The tables below provide ridership and operational data for all routes including Alameda/Oakland, Harbor Bay, South San Francisco and Vallejo during the first quarter of FY 2012/13 (July –Sept). As indicated, ridership is up from last year for all services including increases of 5.4% for Alameda/Oakland, 18.5% for Harbor Bay, and 2.1% for Vallejo.

Ridership

	Quarter ending Sept. 30, 2012	Quarter ending Sept. 30, 2011	Percent change (+)	Revenue Hours	Revenue Miles
Alameda/Oakland	192,940	183,085	5.4%	1,327	13,235
Harbor Bay	50,847	42,923	18.5%	378	7,411
South San Francisco	8,831	n/a	n/a	402	4,990
Vallejo	191,510	187,590	2.1%	1,932	51,255
Total	444,128	413,598	7.4%	4,039	76,891

Expanded Operations/Special Event Service

Staff periodically augments regularly scheduled service to meet the public need for transit alternatives. Service adjustments may include adding additional departures to regularly scheduled services when high demand is anticipated due to special events (e.g. Fleet Week) or providing service to special venues. In recent years venues have included concerts at AT&T Park, and Giants playoff and World Series games. Staff works closely with Blue & Gold Fleet in identifying and developing augmented and special event services including considering schedule options, evaluating financial viability, matching projected ridership with appropriate vessels, identify onboard crewing and shore-side customer service needs and identify marketing and outreach opportunities. Special event services provided in the month of October are described below.

Fleet Week – Both the Vallejo and Alameda/Oakland routes expanded service on Fleet Week weekend. Alameda/Oakland operated 18 roundtrips per day vs. the normal 9 roundtrips while Vallejo operated 11 roundtrips each weekend day compared to the 9 roundtrips normally operated. In addition to the airshow and ship parade, other activities in San Francisco that weekend included Americas Cup World Series, Hardly Strictly music festival in Golden Gate Park and both 49ers and Giants games.

2012 Giants World Series Victory Parade – SFBF provided extra service to the Downtown Ferry Terminal to accommodate the estimated one million attendees of the Giant’s 2012 World Series victory parade, including 6 additional roundtrips on the Vallejo service and 3 additional roundtrips on the Alameda/Oakland service. The Vallejo service set an all-time single day ridership record with 5,556 passengers, as compared to 1,586 passengers the same day last year. Alameda/Oakland carried 2,535 compared to the same day last year of 1,232 passengers.

Special Event Services - October 2012				Notes:
	Alameda/ Oakland	Vallejo	Total	
Fleet Week Weekend 10/6 & 7	17,055	8,632	25,687	Up 308% over prior weekend total of 6,298 for Sept 29 & 30, 2011. Up 159% over typical Oct 2011 weekday average of 3,118.
Giants Parade Day 10/31	2,535	5,556	8,091	

Giants Playoff and World Series Service

Direct service to AT&T Park ferry landing is provided for almost all San Francisco Giants home games. Special challenges to service planning for the Playoff and World Series games included uncertainty as to whether or not the Giants would advance to the next game and uncertainty of the broadcast scheduling.

Giants Playoffs & World Series Service - October 2012				Notes:
	Alameda/ Oakland	Vallejo	Total	
Giants Playoffs, 10/14, 15, 21 & 22	1,621	1,400	3,021	755 average per game.
World Series 10/24 & 25	1,071	891	1,962	981 average per game.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END