

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

**MINUTES OF THE BOARD OF DIRECTORS MEETING**

*(October 12, 2010)*

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met at the offices of Nossaman LLP, 50 California St, 34<sup>th</sup> Floor, San Francisco, CA.

**1. ROLL CALL AND CALL TO ORDER**

Chair Charlene Haught Johnson called the meeting to order at 12:10 p.m. Directors present were Vice Chair Anthony Intintoli, Director Gerald Bellows, and Director John O'Rourke.

**2. PUBLIC COMMENT**

Chair Johnson invited the one member of the public to comment on non-agenda items. Douglas Frazier, Chairman of the Design Committee of the East Bay Chapter of American Institute of Architects (AIA) introduced himself and invited a representative of WETA to speak at one of the Chapter Forums about urban design issues. He informed the Board of a well-attended forum on the transportation difficulty between Alameda and Oakland and indicated that one of the short term solutions suggested at that meeting was the establishment of a water taxi service. Mr. Frazier stated that many attendees of this meeting had commented that relocating the Coast Guard Facility from Coast Guard Island to somewhere else in the Bay would simplify the transportation complications between Alameda and Oakland due to bridge height requirements for Coast Guard vessels. The East Bay Chapter of AIA hopes to follow up on the water taxi subject later this year and would like to invite someone from WETA to attend that meeting.

**3. REVIEW MISSION STATEMENT**

Executive Director Nina Rannells introduced the facilitator of the retreat, Carmen Clark. Ms. Clark provided an overview of the Board's discussion when creating the following mission and vision statements at the last retreat in August of 2008.

*Vision Statement*

*"Establish and operate a regional ferry system that connects communities, reduces congestion and provides an emergency response capability."*

*Mission Statement*

*"WETA is a regional agency with responsibility to develop and operate a comprehensive Bay Area regional public water transportation transit system. WETA shall also provide water transportation services in response to natural or man-made disasters."*

Ms. Rannells provided an overview of the Board's discussion and considerations when they created these statements two years ago. The Board reviewed these statements and concurred that they still accurately represent the agency and its mission.

Vice Chair Intintoli commented that WETA's enabling legislation contains contradictory language as it relates to the agency's challenge of balancing consolidation of existing services and expansion services. Vice Chair Intintoli further commented that one of the challenges of the Vallejo transition

---

will be the distribution of operating funds and the associated level of service that these funds can support. Ms. Rannells noted that finding new operating funds is and will remain an ongoing effort of the agency as all of the existing services have some level of a deficit and because most of the expansion services have not secured sufficient operating funds.

Ms. Clark asked whether the Board would like to adopt either the vision or mission statements. Director O'Rourke suggested that the Board adopt both the mission and vision statement.

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

#### **4. REVIEW PROGRAM STATUS**

##### **A. Enabling Legislation**

Danielle Gensch of Nossaman LLP, provided a summary of the agency's enabling legislation, Senate Bill 976, amended by SB 1093. Chair Johnson requested legal counsel to provide a summary of the consolidated legislation for quick reference to the Board at a later date. Ms. Gensch reviewed the purpose and legislative intent of SB 976 and 1093, the structure of the Board of Directors and agency personnel, the powers of the agency, and the specific actions related to the transition required by statute.

Vice Chair Intintoli asked if the version of the legislation included in the binders (provided to the Board at the retreat) was a redline version of the revisions that SB 1093 made to SB 976. Legal counsel replied that this is a consolidated version of the legislation, and stated they would include copies of both bills in the binder and redistribute to the Board. Vice Chair Intintoli also requested that a copy of the Transition Plan be included.

Vice Chair Intintoli noted that within the legislation there is a statement that priority will be given to the existing services over expansion services. Additionally, he reviewed the legislative requirements for the financial projections included in the transition plan and how this language relates to the Vallejo transition.

Ms. Rannells provided an overview of the changes that SB 976 and 1093 made to the Government Code which regulates the agency's main source of operating funds, Regional Measure 2 (RM2) funds. These changes included:

- Consolidating all of the RM2 funds that had previously been segmented to specific projects, giving WETA some flexibility in allocating funds between services.
- Relaxing restrictions that had previously prevented the agency from utilizing these funds to support existing, non-expanded, Alameda and Vallejo services, with the caveat that the cities had to take formal action committing to transfer the services to WETA prior to funds being made available for this use.

##### **B. Transition Plan**

Ms. Rannells provided the Board of Directors with a summary and update of how the agency is structuring the transition of existing services. The Transition Plan laid out the following structure to transition the three existing city-based services with minimal impacts to the riders:

- Cities to retain the landside assets and to assign the waterside assets to WETA.
  - Operating contracts for the services would be assigned to WETA with WETA rebidding all of the services under one contract once the transition is complete.
-

- Initially, fare structures will remain substantially the same, with the exception of lowering senior fares on the Alameda/Oakland service to comply with Federal Transit Administration requirements.
- Existing services to continue with service levels balanced against ridership demand and funding levels.
- Cities to continue local commitments for each service in the form of continuing local contributions and/or making facilities available for WETA's use; and
- No new costs.

Ms. Rannells noted that another important item required in the Transition Plan was to review and revise what expansion services the agency can practically deliver in the next five years with the agency's current funding constraints and with the agency's additional charge of consolidating the three existing services under WETA. The Transition Plan narrowed this down to South San Francisco and Berkeley expansion services. Treasure Island was also included since the City and County of San Francisco is moving quickly on the project and will be funding the operation of the ferry service. Ms. Rannells added that work on Redwood City, Antioch, Richmond, Martinez and Hercules expansion services are included in the plan through the environmental and conceptual design phase, as environmental work is in process and funds have not been secured to cover anticipated operating costs.

Vice Chair Intintoli mentioned that the legislation also required the Transition Plan to include a financial plan showing how the agency will fund the ferry services' projected deficits. Ms. Rannells stated that the Transition Plan did comply with this requirement in a very basic way, showing that the agency had the financial capacity to continue services as is, provided a set of service and cost assumptions, but that the text of the plan indicated that continuation of service levels would have to be considered on an annual basis, and take into consideration ridership levels and historic funding commitments in order to balance WETA's expansion program with existing services. She further indicated that the financial projections had to be created at a relatively high level as WETA had limited access to the details behind the City of Vallejo and Alameda's budget figures and operating details driving the base year of the projection, and WETA could not practically make service change assumptions to balance the City's budgets without extensive time, study and City participation. For this reason, in tandem with the development of the Transition Plan, WETA action to provide City of Vallejo with supplemental operating allocations for the past three years have been conditioned upon the City staff developing a plan to balance operating expenses with funds historically available to support the system.

Ms. Rannells continued that the second piece of the Transition Plan describes the agency's revised expansion plan and key projects, including the transition of existing services, South San Francisco service, Berkeley ferry service environmental, Treasure Island, San Francisco Downtown Ferry Berthing Expansion project, Central Bay Maintenance Facility, and North Bay Maintenance Facility. John Sindzinski, WETA Manager of Planning and Development provided an update to the Board on the status of WETA's six key projects.

Vice Chair Intintoli asked about the shelf life of environmental reviews and if there is any risk of the EIR's expiring prior to the agency implementing the project or prior to being able to secure operating funds for those expansion services. Mr. Sindzinski responded that EIR's do in fact expire and in the event this does happen, the agency can prepare a supplement to the EIR which is a much smaller task and cost than preparing an EIR.

Director O'Rourke suggested that WETA should start working closely with the Golden Gate Highway and Transportation District (GGBHTD) to learn from their experience and lessons learned, and to look for any opportunities for partnering with them to gain efficiencies, such as bulk

---

purchasing of fuel or opportunities for shared use facilities. Ms. Rannells noted that GGBHTD is currently working to replace their hydraulic ramps at the ferry building and that there may be some partnering opportunities through WETA's Downtown Ferry Berthing Expansion project to partner with them.

Ms. Rannells provided the Board of Directors with an update on the agency's funding sources for capital, operating and reserve funds, including Regional Measures 1 and 2 funds, Federal Funds, Proposition 1 B funds, and Measure A San Mateo County funds each of which have their own rules and restrictions. She noted a couple of important restrictions that limit the agency's flexibility, including:

- Most fund sources do not escalate from year to year creating a situation where revenues will not keep pace with expenses over time.
- Operating funds cannot generally be flexed to capital, although, in some cases, capital funds can be flexed to support preventative maintenance in operations. This would only generally be done if all capital needs are met and excess funds are available.
- MTC administers Regional Measure 2 (RM2) funds as "use it, or loose it funds" which means any money left over at the end of each fiscal year gets returned to MTC for their use in other programs rather than reserved for WETA use at a later date.

Ms. Rannells noted that WETA uses RM2 funds for the administration of the agency, spare vessels and transition related expenses. WETA's operating budget this year is \$5 million dollars. In the future, with the addition of the Alameda and Vallejo systems, the annual operating budget will be approximately \$25 million dollars.

Regarding reserves, Ms. Rannells stated that the agency retained \$1.8 million of WETA's original funding allocation, and has also just been able to start building an additional \$10 million in reserves through the private bonding deal that will span over the next 3 years. These reserves will be crucial to the agency's ability to manage system operating and capital cash flow needs now and into the future as the agency budget and service responsibilities grow.

Vice Chair Intintoli asked Ms. Rannells how long before the agency will be using all of the operating revenues it has available for expansion services. Ms. Rannells stated that it all depends on how fast the agency can get South San Francisco and Berkeley services implemented. She further stated, that what the Transition Plan showed was that if nothing changes with the current Alameda and Vallejo services and WETA's projects roll out on time, that in five years the agency would be using all of the operating money currently available through RM2. She indicated that we would need to look to secure additional operating funds and/or develop service reductions well ahead of this happening in order to ensure the continuity of services over time.

Ms. Rannells continued with the summary of fund sources, stating that capital funds are restricted to very specific projects and that often times granting agencies require evidence of sufficient operating funds to support the ongoing maintenance and operation of the capital project.

Ms. Clark asked whether or not the agency has a strategic financial plan. Ms. Rannells replied that the Transition Plan required WETA to show all of the capital maintenance needs for the three city-based ferry systems. Even though WETA is not yet responsible for the City of Alameda or City of Vallejo services yet, WETA has worked over the past several years to help make sure that capital projects required for both systems are included in MTC's program for funding to the degree possible. As a part of this effort, WETA staff put together and submitted the City of Alameda's capital program to MTC over a year ago, and also worked with Vallejo to ensure their plan was inputted into MTC's capital funding process. Ms. Rannells clarified that once the agency better

---

understands the condition of the assets and is technically responsible for the assets, it will be easier to work to secure funds for the system.

Ms. Clark stated that securing money for rehabilitation and replacement projects is very difficult since there is a lack of funding for this purpose and because such projects do not get a lot of political attention. Ms. Rannells noted that rehabilitation and replacement needs is a huge issue in the region and that MTC has identified through their Capital Priorities process that there is not enough money available to take care of the region's current transportation rehabilitation and replacement needs. She further noted that this is part of the impetus for MTC's focus on transit sustainability and how to deal with a region that has over 26 transit agencies and not enough money to sustain the current system.

**5. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION**

Chair Johnson made an urgency motion to add Ms. Clark as a real property negotiator. Chair Johnson then called the meeting into closed session at 2:20 p.m. Upon reopening of the meeting at 3:20 p.m. she reported that no action had been taken.

**6. ADJOURNMENT**

The meeting was adjourned at 3:20 p.m.

Respectfully Submitted,

Board Secretary

---