



## Members of the Board

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

## MEETING AGENDA FOR THE WETA BOARD OF DIRECTORS

### BOARD OF DIRECTORS' MEETING

*December 12, 2013 at 3:00 p.m.*

**San Francisco Bay Area**

**Water Emergency Transportation Authority**

9 Pier, Suite 111

San Francisco

**PLEASE NOTE: START TIME 3:00 p.m**

*The full agenda packet is available for download at [www.watertransit.org](http://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>     | <i>Information</i> |
| 2. <u>ROLL CALL/PLEDGE OF ALLEGIANCE</u>  | <i>Information</i> |
| 3. <u>REPORT OF BOARD CHAIR</u>           | <i>Information</i> |
| 4. <u>REPORTS OF DIRECTORS</u>            | <i>Information</i> |
| 5. <u>REPORTS OF STAFF</u>                | <i>Information</i> |
| a. Executive Director's Report            |                    |
| b. Monthly Review of Financial Statements |                    |
| c. Legislative Update                     |                    |

**Water Emergency Transportation Authority**  
**December 12, 2013 Meeting of the Board of Directors**

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|--|---------------------------|
| 6. <u>CONSENT CALENDAR</u><br>a. Minutes November 7, 2013<br>b. Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2012/13                  | <b>Action</b>             |
| 7. <u>DISCUSSION REGARDING ADDITIONAL PROGRAM SUPPORT SERVICES</u>   | <b>Information/Action</b> |
| 8. <u>APPROVE CONTRACT AWARD TO AURORA MARINE DESIGN FOR VESSEL CONSTRUCTION MANAGEMENT SERVICES</u>   | <b>Action</b>             |
| 9. <u>PROJECT UPDATE FOR THE NORTH BAY OPERATIONS AND MAINTENANCE FACILITY</u>   | <b>Information</b>        |
| 10. <u>APPROVE AMENDMENT TO AGREEMENT WITH GHD FOR ENGINEERING, CONSTRUCTION AND PERMITTING SUPPORT SERVICES FOR THE NORTH BAY OPERATIONS AND MAINTENANCE FACILITY</u> | <b>Action</b>             |
| 11. <u>AUTHORIZE THE RELEASE OF REQUEST FOR PROPOSALS FOR THE WATERSIDE CONSTRUCTION CONTRACT FOR THE NORTH BAY OPERATIONS AND MAINTENANCE FACILITY</u>                | <b>Action</b>             |
| 12. <u>APPROVE A MODEL PROJECT LABOR AGREEMENT FOR LARGE CONSTRUCTION PROJECTS</u>   | <b>Action</b>             |
| 13. <u>APPROVE A PROJECT LABOR AGREEMENT FOR THE NORTH BAY OPERATIONS AND MAINTENANCE FACILITY PROJECT</u>   | <b>Action</b>             |
| 14. <u>OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u>  |                           |

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](mailto:contactus@watertransit.org) or call (415) 291-3377 at least five (5) days before the meeting.

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

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



## MEMORANDUM

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: December 12, 2013

RE: Executive Director's Report

### **PROJECT UPDATES**

**Ferry Terminal Refurbishment Projects** – This project includes gangway rehabilitation and terminal facility improvement projects that support the continued safe operation of East Bay ferry terminals and include a variety of work ranging from pier piling replacement to repairing walkways and awnings. Ben C. Gerwick, Inc. was selected as the project Construction Manager. Bid documents were released and a pre-bid conference was held on December 3. Project proposals are due in late December.

**Regional Passenger Float Construction** – This project will construct a new regional spare float that can be utilized as a back-up for the Vallejo terminal float as well as other terminal sites such as downtown San Francisco when the permanent terminal floats must undergo periodic dry-dock, inspection, and repair. This spare would support ongoing daily services and would be a valuable asset to have available for use in unplanned or emergency situations. Ghirardelli Associates Inc. was selected as the project Construction Manager. Project specifications for bid documents are being prepared.

**Bay Breeze Vessel Refurbishment** – The ferry vessel *Bay Breeze* has surpassed its economic mid-life. This project consists of converting the propulsion to a conventional propeller system, refurbishment of the passenger cabin, extensive hull work, major system renovation, and replacement of control systems and navigation electronics. In March 2013 the Board of Directors approved the contract award to Marine Group Boat Works. The *Bay Breeze* arrived at the Shipyard on March 18 and the project is well underway. Project completion is expected in March 2014.

**Vessel Replacement** – The *Encinal* and *Harbor Bay Express II* are included in the FY 2013/14 Capital Budget for replacement as they have reached the end of their useful lives (generally 25 years) and staff has secured funding commitments for replacement. A Request for Proposals (RFP) for Vessel Construction Management Services for the procurement of two replacement vessels was released on Wednesday October 9. Proposals were received in November and a recommendation for contract award is included as a part of the meeting agenda.

**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 working 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 summer 2014.

Staff is participating in a long-term strategic planning effort initiated by MTC and transit operators for the Clipper program. Items under consideration include potential changes to the contracting model and governance structure through which the current Clipper program is delivered. A regional recommendation is expected pending future discussions and development of the strategic plan.

**North Bay Operations and Maintenance Facility** – A project update is included as a part of the meeting agenda.

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

Discussions between the City of Alameda, Bay Conservation and Development Commission, Association of Bay Area Governments and the East Bay Regional Parks District have been taking place in an effort to plan waterfront improvements in the area of the maintenance facility that will be consistent and supportive of City of Alameda plans for Alameda Point. On January 6, staff is scheduled to present the project to the BCDC Design Review Board. Staff is also working with the City of Alameda to negotiate terms of a long-term lease agreement for the project, which will be subject to approval by the Board of Directors at a future date.

**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 the City of Richmond staff and representatives of Orton Development, Inc. to develop the plans. Environmental review for the project has been underway and is nearing completion. Public and resource agency scoping meetings were held in June 2012. 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 late 2013. Staff is working with City of Richmond staff to develop a Memorandum of Understanding that defines project service levels and identifies capital and operating funding through a project funding plan.

**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 use of an existing City owned parking lot at the terminal site between ferry and local restaurant (H<sup>S</sup> 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. Similar to Richmond, a Memorandum of Understanding defining the project and identifying funding sources will also be developed for adoption by the City Council and WETA Board.

The Final EIS/EIR was submitted to FTA review in early October 2012. The remaining activities include resolution of Section 7 consultation and Essential Fish Habitat Assessment with NOAA and NMFS. NOAA and NMFS will issue a Biological Opinion (BO) on the project. The BO is required prior to completion of the Final EIS/EIR.

**Treasure Island Service** – This project, 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. WETA staff has recently been reengaged on the project and is working cooperatively with City of San Francisco staff on a Transportation Implementation and Financial plans.

**Downtown San Francisco Ferry Berthing Expansion** – This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and expanded 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. Upon request from the FTA, this project has been included in the Federal Infrastructure Projects Permitting Dashboard, an initiative of the Federal Transit Administration to expedite federal permitting processes for nationally or regionally significant projects.

A Response to Comments document and Final EIS/EIR are being prepared and are anticipated to be available for release in Spring 2014.

**Hercules Environmental Review/Conceptual Design** – The Hercules Intermodal Transportation Terminal will bring together multiple modes of travel at a strategic waterfront location adjacent to future development in Hercules. A ferry terminal is one component of the project, now considered in a later phase of implementation after the construction of parking and rail improvements. As planning and funding activities are underway for the Intermodal Transportation Center, the Contra Costa County Transportation Authority is also developing a Financial Feasibility of Contra Costa Ferry Service Report (White Paper) to assess the feasibility and priority of new ferry services considered in Contra Costa County.

**Antioch, Martinez and Redwood City Ferry Service Projects** – These projects require conceptual design, project feasibility, 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 working with the Contra Costa County Transportation Authority, as the county transportation planning and funding authority, on determining next steps for the Contra Costa ferry services under development.

**Contra Costa County Ferry Subcommittee** – Staff is working with the Contra Costa County 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. Preparation of a White Paper is underway to outline opportunities and challenges associated with each potential terminal site and service. The White Paper will also examine the operational and capital cost for potential terminals and services and explore funding plans for each. 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. The subcommittee met in April 2013 to review the scope for the White Paper effort. CCTA is leading this effort and it is anticipated that the CCTA Board will consider the findings of the White Paper in early 2014.

**Alameda Ferry Terminal Station Access Plan** – Both ferry terminals in Alameda have experienced a surge in ridership beginning with the first BART strike in July 2013. As a result, parking at both terminals typically spills onto adjacent streets and informal parking lots. WETA staff has met with City of Alameda staff to discuss a planning study to address the immediate issue and identify long term solutions. Staff is currently in discussions with the City of Alameda to finalize an approach to proceeding with this project.

**Fare Policy Study** – This project will evaluate options for developing a comprehensive WETA fare policy. A primary goal of the study is to consider policies that would promote consistent fare structures and future fare changes across the various services WETA operates. WETA has enlisted CH2M Hill through its on-call planning agreement with Jacobs Engineering to provide consultant services to support the project. The study will analyze the financial, ridership, and equity impacts for all options considered and will be developed in close coordination with WETA staff. The adoption and implementation of any policies recommended through this study would ultimately be subject to approval by the Board.

**Electronic Bicycle Locker Program** – This project would expand the availability of secure bicycle parking throughout the WETA system to promote bicycle access to ferry terminals and potentially reduce bicycle congestion on-board ferry vessels. WETA currently provides electronic bicycle lockers at its South San

Francisco and Harbor Bay ferry terminals and intends to provide similar lockers at each of its origin terminals. Last month, staff submitted a grant application to the Bay Area Air Quality Management District for funding through the Transportation Fund for Clean Air program to provide electronic bicycle lockers at the Alameda Main St. and Vallejo ferry terminals. Additionally, staff is working to identify funding opportunities to provide electronic bicycle lockers at the Oakland-Jack London Square ferry terminal.

#### **UPDATE ON RELEVANT PROJECTS IMPLEMENTED BY OTHER AGENCIES**

**Warriors Arena** – The Golden State Warriors basketball team has proposed an Arena/Mixed use development at Piers 30/32 on the San Francisco waterfront that would potentially include a ferry berthing facility to accommodate direct ferry service to games and events at the proposed arena. WETA staff has met with the Warriors organization as well as with the Port of San Francisco and Municipal Transportation Authority staff over the past year to discuss this proposal. A Notice of Preparation was released in December 2012 and WETA submitted comments in January 2013. Staff will continue to coordinate with the development team and City staff as the project progresses through the environmental process.

**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 consolidates local, regional, and commuter bus services and a 1,200 space parking garage for ferry patrons and the general public. The first phase of the Vallejo Station Parking Structure, which included a 750 space paid parking structure, was opened in October 2012. Construction of Phase 2 of this facility is dependent upon the City securing funding and the relocation of the U.S. Post Office.

#### **OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS**

On November 15, WETA hosted the Secretary of Transportation, Anthony Foxx, on a ferry trip between San Francisco and Oakland. This tour included Board members DelBono and Bellows, along with a number of representatives from the unions and other local agencies such as MTC, the Port of Oakland, and the City of Alameda.

On November 18, Keith Stahnke attended a Port of San Francisco emergency response and recovery exercise which focused on federal coordination. Director Bellows was in attendance representing MARAD.

#### **OPERATIONS REPORT**

The monthly operations statistics report covering October 2013 is provided as Attachment 1.

#### **OTHER**

**AB 935 (Frazier)** – This two-year bill would amend Section 66540.12 of the Government Code relating to the terms of the San Francisco Bay Area Water Emergency Transportation Authority Board of Directors.

## Attachment 1

### Monthly Operations Statistics Report October 2013

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo	Systemwide
Ridership	vs. last month	Total Passengers October 2013 *	77,698	24,721	8,663	69,617	180,699
		Total Passengers September 2013 **	79,260	20,856	6,158	76,967	183,241
		Percent change	-1.97%	18.53%	40.68%	-9.55%	-1.39%
	vs. same month last year	Total Passengers October 2013 *	77,698	24,721	8,663	69,617	180,699
		Total Passengers October 2012 ***	65,026	18,840	3,580	71,472	158,918
		Percent change	19.49%	31.22%	141.98%	-2.60%	13.71%
	vs. prior FY to date	Total Passengers Current FY To Date	367,391	92,705	29,894	322,039	812,029
		Total Passengers Last FY To Date	257,966	69,687	12,411	276,965	617,029
		Percent change	42.42%	33.03%	140.87%	16.27%	31.60%
	Avg Weekday Ridership October 2013		2,449	1,075	377	2,369	6,270
		Passengers Per Hour	152	158	57	109	124
Ops Stats		Revenue Hours	512	156	152	636	1,456
		Revenue Miles	6,104	3,459	2,297	17,527	29,387
Fuel		Fuel Used (gallons)	40,748	15,402	19,801	141,950	217,901
		Avg Cost per gallon	\$3.37	\$3.37	\$3.37	\$3.35	\$3.37

*Vallejo ridership includes ferry + 4651 Route 200 bus passengers.*

\* Additional ferry service provided during the BART strike from October 18 through October 22, 2013.

\*\* Additional ferry service provided during the Bay Bridge Closure from August 29 through September 2, 2013.

\*\*\* October 6-7 2012: additional ferry service provided for weekend events including Fleet Week, America's Cup, Hardly Strictly Bluegrass and Giants playoff games. October 31, 2012: Giants parade/World Series victory celebration.

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2013/14 Financial Statements for Four Months  
Ending October 31, 2013

**Recommendation**

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

**Summary**

This report provides the attached FY 2013/14 Financial Statements for four months ending October 31, 2013.

**Operating Budget vs. Actual**

	Prior Actual	Current Budget	Current Actual
<b>Revenues - Year To Date:</b>			
Fare Revenue	4,193,563	3,523,600	5,322,710
Local Bridge Toll Revenue	4,781,360	6,733,500	4,376,478
Other Revenue	730	668	847
<b>Total Operating Revenues</b>	<b>8,975,653</b>	<b>10,257,768</b>	<b>9,700,035</b>
<b>Expenses - Year To Date:</b>			
Planning & Administration	457,791	1,000,000	613,964
Ferry Services	8,517,862	9,257,768	9,086,071
<b>Total Operations Expenses</b>	<b>8,975,653</b>	<b>10,257,768</b>	<b>9,700,035</b>
<b>System-Wide Farebox Recovery %</b>	<b>49%</b>	<b>38%</b>	<b>59%</b>

**Capital Actual and % of Total Budget**

	YTD Actual	% of FY 2013/14 Budget
<b>Revenues:</b>		
Federal Funds	470,062	2.96%
State Funds	718,941	4.16%
Bridge Toll Revenues	17,427	0.79%
Local Funds	91,008	9.24%
<b>Total Capital Revenues</b>	<b>1,297,438</b>	<b>3.57%</b>
<b>Expenses:</b>		
<b>Total Capital Expenses</b>	<b>1,297,438</b>	<b>3.57%</b>

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

\*\*\*END\*\*\*

**San Francisco Bay Area Water Emergency Transportation Authority**  
**FY 2013/14 Statement of Revenues and Expenses**  
**For Four Months Ending 10/31/2013**

% of Year Elapsed 33.7%

	Current Month	Prior Year Actual	2013/14 Budget	2013/14 Actual	% of Budget
<b>OPERATING EXPENSES</b>					
<b><u>PLANNING &amp; GENERAL ADMIN:</u></b>					
Wages and Fringe Benefits	95,758	1,233,170	1,411,000	369,173	26.2%
Services	17,017	1,229,092	1,515,000	200,705	13.2%
Materials and Supplies	412	55,678	111,000	5,970	5.4%
Utilities	1,202	13,147	18,000	3,391	18.8%
Insurance	-	(6,303)	35,000	16,370	46.8%
Miscellaneous	6,240	131,781	138,000	24,065	17.4%
Leases and Rentals	21,766	271,224	303,000	88,616	29.2%
Admin Overhead Expense Transfer	(22,146)	(317,561)	(531,000)	(94,326)	17.8%
<b>Sub-Total Planning &amp; Gen Admin</b>	<b>120,248</b>	<b>2,610,227</b>	<b>3,000,000</b>	<b>613,964</b>	<b>20.5%</b>
<b><u>FERRY OPERATIONS:</u></b>					
<b><u>Harbor Bay FerryService</u></b>					
Purchased Transportation	129,173	1,256,002	1,287,600	466,754	36.2%
Fuel - Diesel & Urea	51,887	453,284	553,000	185,301	33.5%
Other Direct Operating Expenses	33,886	345,404	633,900	111,984	17.7%
Admin Overhead Expense Transfer	4,988	40,632	116,000	20,884	18.0%
<b>Sub-Total Harbor Bay</b>	<b>219,933</b>	<b>2,095,322</b>	<b>2,590,500</b>	<b>784,923</b>	<b>30.3%</b>
<b><u>Alameda/Oakland Ferry Service</u></b>					
Purchased Transportation	440,239	3,893,337	3,888,600	1,604,891	41.3%
Fuel - Diesel & Urea	137,277	1,231,916	1,522,000	549,323	36.1%
Other Direct Operating Expenses	133,365	485,883	1,084,800	345,357	31.8%
Admin Overhead Expense Transfer	8,463	85,936	244,000	35,343	14.5%
<b>Sub-Total Alameda/Oakland</b>	<b>719,344</b>	<b>5,697,073</b>	<b>6,739,400</b>	<b>2,534,914</b>	<b>37.6%</b>
<b><u>Vallejo FerryService</u></b>					
Purchased Transportation	667,672	7,299,002	7,322,000	2,437,475	33.3%
Fuel - Diesel & Urea	475,483	4,691,631	5,996,800	1,900,558	31.7%
Other Direct Operating Expenses	68,041	1,258,182	1,486,300	337,942	22.7%
Admin Overhead Expense Transfer	3,707	140,841	60,000	17,098	28.5%
<b>Sub-Total Vallejo</b>	<b>1,214,903</b>	<b>13,389,657</b>	<b>14,865,100</b>	<b>4,693,073</b>	<b>31.6%</b>
<b><u>South San Francisco FerryService</u></b>					
Purchased Transportation	257,183	1,736,283	2,132,700	705,198	33.1%
Fuel - Diesel & Urea	66,708	550,910	708,600	227,980	32.2%
Other Direct Operating Expenses	28,439	293,560	626,000	118,982	19.0%
Admin Overhead Expense Transfer	4,988	50,151	111,000	21,001	18.9%
<b>Sub-Total South San Francisco</b>	<b>357,318</b>	<b>2,630,903</b>	<b>3,578,300</b>	<b>1,073,161</b>	<b>30.0%</b>
<b>Total Operating Expenses</b>	<b>2,631,746</b>	<b>26,423,183</b>	<b>30,773,300</b>	<b>9,700,035</b>	<b>31.5%</b>
<b>Total Capital Expenses</b>	<b>300,538</b>	<b>9,189,750</b>	<b>36,309,851</b>	<b>1,297,438</b>	<b>3.6%</b>
<b>Total Expenses</b>	<b>2,932,284</b>	<b>35,612,933</b>	<b>67,083,151</b>	<b>10,997,473</b>	<b>16.4%</b>
<b>OPERATING REVENUES</b>					
Fare Revenue	1,242,019	10,501,990	10,570,800	5,322,710	50.4%
Local - Bridge Toll	1,389,555	15,918,882	20,200,500	4,376,478	21.7%
Local - Other Revenue	172	2,310	2,000	847	42.3%
<b>Total Operating Revenues</b>	<b>2,631,746</b>	<b>26,423,183</b>	<b>30,773,300</b>	<b>9,700,035</b>	<b>31.5%</b>
<b>Total Capital Revenues</b>	<b>300,538</b>	<b>9,189,750</b>	<b>36,309,851</b>	<b>1,297,438</b>	<b>3.6%</b>
<b>Total Revenues</b>	<b>2,932,284</b>	<b>35,612,933</b>	<b>67,083,151</b>	<b>10,997,473</b>	<b>16.4%</b>

**San Francisco Bay Area Water Emergency Transportation Authority**  
**FY 2013/14 Statement of Capital Programs and Expenditures**  
**For Four Months Ending 10/31/2013**

Project Description	Current Month	Project Budget	Prior Year Actual	2013/14 Budget	2013/14 Actual	Future Year	% of Total Project Budget
<b>CAPITAL EXPENSES</b>							
<b><u>FACILITIES:</u></b>							
<b>Maintenance and Operations Facilities</b>							
North Bay Ops & Maint. Facility	175,851	25,500,000	1,128,552	13,601,448	634,428	10,770,000	7%
Central Bay Ops & Maint. Facility	7,986	4,952,500	907,554	4,044,946	27,340	-	19%
<b>Gangway, Pier &amp; Float Rehabilitation</b>							
Regional Spare Float Replacement	2,779	3,300,000	7,313	2,500,687	15,285	792,000	1%
Gangway & Pier Rehab - Alameda Terminals	18,715	1,590,000	5,725	1,584,275	90,503	-	6%
<b>Terminal Improvement</b>							
Terminal Facility Improve - Alameda Terminals	-	250,000	55,463	194,537	5,148	-	24%
Clipper Site Preparation - Vallejo	3,127	300,000	-	300,000	3,127	-	1%
<b><u>FERRY VESSELS:</u></b>							
<b>Major Component Rehab/Replace</b>							
Vessel Engine Overhaul - Scorpio & Taurus	-	660,000	-	660,000	-	-	0%
Vessel Engine Overhaul - Solano	-	2,000,000	-	2,000,000	-	-	0%
Major Component Rehab - Gemini & Pisces	-	300,000	-	300,000	-	-	0%
Communications Equipment	-	182,000	43,143	138,857	-	-	24%
<b>Vessel Mid-Life Repower/Refurbishment</b>							
Vessel Mid-Life Refurbishment - Bay Breeze	41,079	5,015,000	1,685,427	3,329,573	408,231	-	42%
Vessel Mid-Life Refurbishment - Peralta	-	5,260,000	-	5,260,000	-	-	0%
<b>Vessel Expansion/Replacement</b>							
Purchase Replacement Vessel - Express II	250	15,000,000	-	25,000	250	14,975,000	0%
Purchase Replacement Vessel - Encinal	1,655	18,500,000	-	25,000	2,311	18,475,000	0%
<b><u>CAPITAL EQUIPMENT / OTHER:</u></b>							
Purchase 18-Tone Crane Truck	-	75,000	-	75,000	-	-	0%
Integration of Real-Time Transit Information	-	54,000	-	54,000	-	-	0%
<b><u>SERVICE EXPANSION:</u></b>							
<b>Future Expansion Service Studies</b>							
Berkeley Terminal - Environ/Concept Design	422	2,335,000	2,164,490	170,510	11,581	(0)	93%
Antioch - Environ/Concept Design	423	812,500	134,800	102,300	799	575,400	17%
Martinez - Environ/Concept Design	-	812,500	164,200	71,300	694	577,000	20%
S.F. Berthing Expansion - Environ/Concept Design	44,802	3,300,000	2,338,977	961,023	71,248	-	73%
<b>Terminal/Berthing Expansion Construction</b>							
SSF Terminal Oyster Mitigation Study	-	275,000	77,675	50,325	430	147,000	28%
Richmond Ferry Terminal	3,449	1,862,500	476,430	861,070	26,063	525,000	27%
<b>Total Capital Expenses</b>	<b>300,538</b>	<b>92,336,000</b>	<b>9,189,750</b>	<b>36,309,851</b>	<b>1,297,438</b>	<b>46,836,400</b>	
<b>CAPITAL REVENUES</b>							
Federal Funds	87,223	35,688,200	3,165,828	15,855,304	470,062	16,690,062	10%
State Funds	197,948	47,379,800	3,631,199	17,274,241	718,941	26,451,338	9%
Local - Bridge Toll	5,202	7,902,100	2,120,305	2,194,855	17,427	3,695,000	27%
Local - Alameda Sales Tax Measure B	10,165	1,128,000	229,090	790,915	85,860	-	28%
Local - Property Tax and Assesments	-	237,900	43,328	194,537	5,148	-	100%
<b>Total Capital Revenues</b>	<b>300,538</b>	<b>92,336,000</b>	<b>9,189,750</b>	<b>36,309,851</b>	<b>1,297,438</b>	<b>46,836,400</b>	

## LINDSAY HART, LLP

1120 G Street, NW  
Suite 1020  
Washington, DC 20005

Tel: (202) 783-3333  
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### Peter Friedmann

Of Counsel

DATE: December 4, 2013

TO: WETA Board Members

FROM: Peter Friedmann OurManInDC@federalrelations.com

SUBJECT: **Report to the Board: December 2013**

- The big **news on Capitol Hill** remains the roll-out of the Affordable Care Act.
- The big **national transportation news** is the crisis facing all federally funded transportation (highways, bridges, transit) programs. We are now 9 months from the expiration of the MAP-21 transportation bill; there is still no funding source identified. The federal gas tax provides insufficient revenues, and there is no appetite to increase that tax. (Our strategy to protect and enhance WETA's interests is summarized below.)
- The big **transit news** is the shocking wreck of the Metro-North train of the NY Metropolitan Transportation Authority and resulting loss of life.
- The big **San Francisco ferry news** is the extensive amount of time and attention devoted to WETA and to ferry transit by the Secretary of the US Dept. of Transportation Anthony Foxx. That two WETA Board Members, the Executive Director of WETA and leaders of local communities benefiting by WETA service, had such face time with the Secretary, on a WETA boat, was truly remarkable. (Our efforts to capitalize on this event to provide tangible results for WETA, is summarized below.)

### **Overview of the Changing Federal Funding Process:**

During the earmark environment, we were able to gain for WETA \$32 million in directed, statutorily mandated appropriated funds. Key to that success were personal efforts of Speaker Pelosi, specific Bay Area Members of Congress, Alaska Congressman Don Young, and Washington State Sen. Patty Murray, Chair of the Senate Transportation Appropriations Subcommittee (we motivated their own constituents to support WETA expansion).

As we know, five years ago earmarks ended. While we were temporarily able to maintain the flow of some of the previously earmarked funds to WETA (\$2.5 million annually), in the post-earmark world, all federal funding has reverted to grant programs administered by the Executive Branch. Some are discretionary grants awarded to the applicants deemed most suitable. Other grants are awarded under statutorily defined formulas.

**Ferry Formula Grants.** As is the case for formula grant programs generally, the Ferry Formula favors the largest systems with the biggest numbers of riders, vehicles, miles: Washington State, New York, Alaska,

in particular. But that Formula Program will expire unless MAP-21 transportation bill is reauthorized by October 2014. This provides an opportunity to pursue a revision to the formula grant mechanism which would be more favorable to a still small, emerging ferry system such as WETA. It should be remembered that the total annual pot of money in this ferry formula program is \$67 million – – less than the cost of just one boat used by these large systems, which will fiercely protect their share of the limited pie. Nonetheless, we are making progress on a provision which could channel additional grants to San Francisco ferries from this program.

The **Ferry Discretionary Program**, administered by Federal Transit Administration (under DOT), is where we can compete effectively. There is only \$30 million in this entire program to be shared by all ferry systems nationally; we are seeking \$3 million for WETA's Central Bay Operations and Maintenance Facility. For the past year, we have worked directly with every Member of the Bay Area Delegation and with the Senators in support of this grant. We have delivered two letters to FTA signed by every Member of the Delegation. WETA's crew union leadership has been active, personally visiting with Deputy Secretary and our Delegation. Leaders of local communities served by WETA have communicated their support; their letters are in the hands of our Delegation and accompanied the application to FTA. Top priority is to continue to facilitate direct contact of key Delegation Members to Foxx, his Deputy Secretary and to the FTA Administrator. (This is why the recent WETA leadership's face time with Sec. Foxx was so timely.) The award will likely be announced in February 2014.

Respectfully Submitted,

Peter Friedmann  
WETA Federal Representative



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

***(November 7, 2013)***

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 1:05 p.m. Directors present were Vice Chair Anthony Intintoli, Director Gerald Bellows, Director Jeffrey DelBono and Director Timothy Donovan. WETA legal counsel Stanley Taylor of Nossaman LLP led the pledge of allegiance.

**2. REPORT OF BOARD CHAIR**

Chair Johnson thanked WETA staff and Blue & Gold Fleet for their service during the BART strike, adding that she had been impressed by the level of service offered and number of passengers carried. She noted that the public appeared to have been made aware of ferry system as an alternative to BART.

Chair Johnson asked the Board and staff to maintain an awareness of any parties who could be useful to WETA as state legislative outreach partners and for potential funding opportunities.

**3. REPORT OF DIRECTORS**

Director Bellows said that the BART strike had demonstrated WETA's ability to meet its mission and that he had been impressed by the service during the strike.

Director Donovan agreed and thanked Executive Director Nina Rannells for keeping the Board informed of activities and ridership during the strike. He asked if there had been any constraints to service due to fuel supplies. Ms. Rannells said that Blue & Gold appeared to have no issues with maintaining fuel supplies noting that the primary concern had the strike continued would have been providing necessary vehicle maintenance as well as maintaining adequate crewing and staffing levels.

Director Donovan and Director DelBono asked that a letter of appreciation be sent on behalf of the Board to Blue & Gold Fleet. Ms. Rannells said that would be done and that an event would also be planned to thank Blue & Gold staff and crews.

**4. REPORTS OF STAFF**

Ms. Rannells referred the Board to her written report, noting that it contained a full summary of WETA's activities during the BART strike. She said that the service had gone even more smoothly than it had during the BART strike in July, noting that both strikes had highlighted terminal facilities as a significant limitation to meeting capacity demands. Ms. Rannells thanked Golden Gate Ferry for the use of two vessels from their fleet which provided additional service between San Francisco and the East Bay during the strike. She also thanked Manager of Public Information and Marketing Ernest Sanchez, who with assistance from MacKenzie Communications organized outreach and media activities, as well as other WETA partners including the Ports of Oakland and San Francisco, MTC, Clipper customer service and Blue & Gold Fleet. She noted the extensive media coverage of the ferry service both locally and nationally on the front page of the *New York Times*.

Vice Chair Intintoli asked what the status was of the Contra Costa County Ferry Subcommittee white paper. Ms. Rannells reminded the Board that this document was being prepared by the Contra Costa

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County Transportation Authority and is intended to assess the potential viability of each of the four potential Contra Costa service expansion sites and to examine funding opportunities. Kevin Connolly, Manager of Planning and Development, added that the document was very near completion in first draft form.

Vice Chair Intintoli asked about the farebox recovery line in the financial summary included as Item 5b in the Executive Director's report. He noted the 38% figure and stated a concern for dropping below 40%. Manager of Finance and Grants Lynne Yu replied that MTC's farebox recovery requirement for the Alameda/Oakland and Vallejo services was 30% and 40% for both the Harbor Bay and South San Francisco services. She noted that the average included in the report for all the services was just under 40%. Ms. Rannells added that staff was continuing a dialogue with MTC regarding the concept of considering farebox recovery system-wide rather than route-by-route.

Regarding the capital expenditure item for the Central Bay Operations and Maintenance Facility, Vice Chair Intintoli asked if the \$4.9 million item was correct as it seemed low. Ms. Yu replied that this number was for pre-construction environmental work and did not include construction as that would not occur in the current budget year. She added that the North Bay Operations and Maintenance Facility item did include a construction budget for the current year which is why it was considerably higher.

Ms. Rannells concluded her report pointing out the system-wide growth indicated in the operations report, noting that regardless of BART strikes and the Bay Bridge closure that growth had been extraordinary in the past year.

#### **5. CONSENT CALENDAR**

Vice Chair Intintoli made a motion to approve the consent calendar which included the minutes from the October 3, 2013 Board of Directors meeting. Director Bellows seconded the motion and the consent calendar carried unanimously.

Yeas: Haught Johnson, Intintoli, Bellows, DelBono, Donovan. Nays: None.

#### **6. BOARD OF DIRECTORS MEETING SCHEDULE FOR CALENDAR YEAR 2014**

Ms. Rannells presented this item requesting that the Board approve a WETA Board of Directors meeting schedule for Calendar Year 2014.

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

Yeas: Haught Johnson, Intintoli, Bellows, DelBono, Donovan. Nays: None.

#### **7. STATUS REPORT ON SOUTH SAN FRANCISCO FERRY SERVICE**

Mr. Connolly delivered an informational presentation to the Board regarding the status of the South San Francisco ferry service which began in June 2012 and was expanded in April 2013 with a 12-month demonstration project, noting that his report was coming roughly half-way into this expansion.

In response to Mr. Connolly's comment that the mid-day South San Francisco to San Francisco runs were utilizing an existing deadhead run, Director DelBono asked what a deadhead was. Mr. Connolly replied that a deadhead was a repositioning of a boat and crew without revenue passengers aboard, typically after the last run of a scheduled revenue service.

Vice Chair Intintoli said that it would be interesting to know how many people would be on the 5:20 if they couldn't be on the 6:20. Mr. Connolly said there would be additional surveys on the service that would ask questions exactly like that.

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Public Comment

Veronica Sanchez of Masters, Mates and Pilots (MMP) said that the presentation had been informative and that she looked forward to Mr. Connolly speaking to crew at the MMP meeting in the coming week.

Ms. Sanchez then noted her frustration with the *San Francisco Chronicle* for not reporting that the South San Francisco Ferry was an alternative commute option to the Peninsula during the BART strike. Mr. Sanchez said that he understood Ms. Sanchez' concern adding that the *Chronicle* had been contacted again but had not updated their table. Ms. Sanchez recommended a letter be sent to the *Chronicle*.

**8. ADJOURNMENT**

All business having concluded, the meeting was adjourned at 1:45 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

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**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 2012/13**

**Recommendation**

Accept the Independent Auditor's Annual Financial Reports for the year ending June 30, 2013, 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, 2013, 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 1** 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 material deficiencies were identified as a result of the audit.

**Basic Financial Statements**

The Basic Financial Statements are provided as **Attachment 2** to this report. These include an Independent Auditor's Report, Management Discussion and Analysis and Basic Financial Statements for the year ending June 30, 2013. 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, 2013, 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 3** 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 2012/13. 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, 2013.

**Fiscal Impact**

None.

\*\*\*END\*\*\*

# Attachment 1

**SAN FRANCISCO  
BAY AREA WATER EMERGENCY  
TRANSPORTATION AUTHORITY  
MEMORANDUM ON INTERNAL CONTROL  
AND  
REQUIRED COMMUNICATIONS  
  
FOR THE YEAR ENDED  
JUNE 30, 2013**

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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, 2013**

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## MEMORANDUM ON INTERNAL CONTROL

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

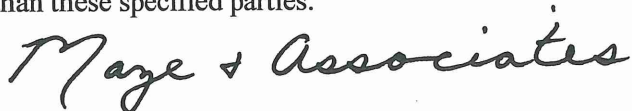
We have audited the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) for the year ended June 30, 2013, and have issued our report thereon dated November 8, 2013. In planning and performing our audit of the financial statements in accordance with 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. However, material weaknesses may exist but were not detected.

This communication is intended solely for the information and use of management, the 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' in a cursive, flowing script.

Pleasant Hill, California  
November 8, 2013

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

**SCHEDULE OF OTHER MATTERS**

**2013-01:      Bank reconciliation – prepare and review process**

**Criteria:** Bank statements should be reconciled in a timely manner denoting who the preparer was, when the bank reconciliation was prepared, who the reviewer was, and when the review was performed.

**Condition:** During our testing of the Authority's March 2013 bank reconciliations, we noted that although reconciliations are being performed, there were no physical indications of by whom and when the preparation and review process took place.

**Effect:** Without proper audit trail of said processes, timely reconciliation is questionable and no accountability is denoted.

**Cause:** Lack of audit trail processes was an oversight by staff.

**Recommendation:** We noted that staff corrected this internal control error when the June 2013, bank reconciliations were tested, however, we recommend the Authority continue to implement said process.

**Management Response:** Bank reconciliations were prepared by the accountants that are responsible for the entities. Reviewers were required to review and sign off on the bank reconciliations in the past. The practice was consistent and reviewed by the auditors as part of the annual audit. The new recommendation will enhance internal control, and we will continue to implement the process.

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## REQUIRED COMMUNICATIONS

November 8, 2013

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) for the year ended June 30, 2013. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and *Government Auditing Standards*.

### Significant Audit Findings

#### *Accounting Policies*

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are included in Note 1 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year. The following pronouncements became effective, and required a format change in the Statement of Net Assets and certain nomenclature revisions in the footnotes accompanying the financial statements:

*Statement 63 - Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

This Statement provides financial reporting guidance for deferred outflows of resources and deferred inflows of resources. Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net assets by the government that is applicable to a future reporting period, and an acquisition of net assets by the government that is applicable to a future reporting period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities.

Concepts Statement 4 also identifies net position as the residual of all other elements presented in a statement of financial position. This Statement amends the net asset reporting requirements in Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, and other pronouncements by incorporating deferred outflows of resources and deferred inflows of resources into the definitions of the required components of the residual measure and by renaming that measure as net position, rather than net assets.

#### *Unusual Transactions, Controversial or Emerging Areas*

We noted no transactions entered into by the governmental unit during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

### ***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.

### ***Disclosures***

The financial statement disclosures are neutral, consistent, and clear.

### ***Difficulties Encountered in Performing the Audit***

We encountered no significant difficulties in dealing with management in performing and completing our audit.

### ***Corrected and Uncorrected Misstatements***

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all/certain such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

### ***Disagreements with Management***

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

### ***Management Representations***

We have requested certain representations from management that are included in a management representation letter dated November 8, 2013.

### ***Management Consultations with Other Independent Accountants***

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the governmental unit's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

### ***Other Audit Findings or Issues***

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the governmental unit's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

### **Other Information Accompanying the Financial Statements**

With respect to the required supplementary information accompanying the financial statements, applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted 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 did not express an opinion nor 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.

\*\*\*\*\*

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

Very truly yours,

A handwritten signature in cursive script that reads "Mage + Associates".

November 8, 2013



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# Attachment 2

**SAN FRANCISCO  
BAY AREA WATER EMERGENCY  
TRANSPORTATION AUTHORITY  
  
BASIC FINANCIAL STATEMENTS  
  
FOR THE YEAR ENDED JUNE 30, 2013**

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<p style="text-align: center;"><b>SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY BASIC FINANCIAL STATEMENTS For the Year Ended June 30, 2013</b></p>
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## INDEPENDENT AUDITOR'S REPORT

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

### *Report on Financial Statements*

We have audited the accompanying financial statements of the business-type activities of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2013, and the related notes to the financial statements which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit 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. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## ***Opinions***

In our opinion, the basic financial statements referred to above present fairly in all material respects the respective financial position of the business-type activities of the Authority as of June 30, 2013, and the respective changes in financial position and where applicable, cash flows thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

## ***Emphasis of Matters***

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2013 that resulted in certain changes in nomenclature on the financial statements:

*Statement 63 – Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position.*

The emphasis of this matter does not constitute a modification to our opinion.

## ***Other Matters***

### ***Required Supplementary Information***

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 the required supplementary information in accordance with auditing standards generally accepted 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.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated November 8, 2013, on our consideration of the Authority's 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

*Maze & Associates*

Pleasant Hill, California  
November 8, 2013

## **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, 2013. 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 Position**—presents the financial position of the Authority, including assets, liabilities and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) are shown as the difference between total assets and total liabilities.

**Statement of Activities**—presents revenues, expenses and changes in net position 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

Total net position may serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$131.0 million at June 30, 2013, a \$39.1 million or 43% increase from June 30, 2012. This increase was primarily due to the transfer of capital assets, ferry parts and construction of ferry maintenance facility from the City of Vallejo as part of the Vallejo ferry service transfer effective July 1, 2012.

The following is a summary of the Authority's net position as of June 30, 2013 and 2012 along with a discussion of some of the most significant balances (in thousands):

	<u>2013</u>	<u>2012</u>
<b>Assets:</b>		
Current and other assets	\$132,406	\$82,317
Capital assets	115,490	80,358
Total assets	<u>\$247,896</u>	<u>\$162,675</u>
<b>Liabilities:</b>		
Current liabilities	\$3,561	\$6,178
Unearned/deferred revenue	113,031	64,647
Other noncurrent liabilities	393	89
Total liabilities	<u>\$116,986</u>	<u>\$70,914</u>
<b>Net Assets:</b>		
Invested in capital assets, net of related debt	\$115,490	\$80,358
Restricted	4,428	11,358
Unrestricted	10,993	45
Total net assets	<u>\$130,910</u>	<u>\$91,761</u>

The largest portion of the Authority's net position (89%) represents its net investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide services to its passengers. Net investment in capital assets, increased by 44% during the year due to the above noted transfer from the City of Vallejo.

Unrestricted net position (8%), the portion of the Authority's net position available for use to meet ongoing obligations, increased \$10.9 million this year. This increase was attributed to the Authority's transfer of San Mateo County Measure A (Measure A) funds, pledged for repayment of bond principal, from Restricted net position after the debt was repaid on June 1, 2013.

An additional portion of the Authority's net position (3%), Restricted net position, represents resources that are subject to external restrictions imposed by creditors, grantors and contributors that restrict the use of net position, decreased \$6.9 million during the year due primarily to the above reclassification of Measure A funds.

## **FISCAL YEAR 2013 FINANCIAL HIGHLIGHTS**

- Fare revenues increased by \$7.2 million (\$10.5 million in 2013 compared to \$3.3 million in 2012), most of which was attributed to the first year operation of the Vallejo ferry service (\$6.5 million) and the first full year operation of the South San Francisco ferry service (\$260,000). The increase in fare revenues from the Alameda ferry services (\$400,000) was due primarily to greater ridership.
- Operating expenses, before depreciation, of the Alameda ferry services increased by \$1.1 million (\$7.8 million in 2013 compared to \$6.7 million in 2012), due primarily to the change from the operating contracts assigned to the Authority from the City of Alameda, as part of the ferry service transfer, to the new operations and maintenance contract between the Authority and Blue & Gold Fleet effective January 1, 2012.
- Operating expenses for the first full year of operations for the Vallejo ferry service and the South San Francisco ferry service were \$13.4 million and \$2.6 million respectively.
- Total Assets increased by \$85.2 million (\$247.9 million in 2013 compared to \$162.7 million in 2012) and total Liabilities increased by \$46.1 million (\$117.0 million in 2013 compared to \$70.9 million in 2012), resulting in an increase of total Net Position of \$39.1 million (\$130.9 million in 2013 compared to \$91.8 million in 2012).

## **PROGRAM INITIATIVES AND OUTLOOK**

On July 1, 2012, the Vallejo ferry service was transferred from the City of Vallejo to the Authority. The four regional ferry routes operated by the Authority include Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco, and Vallejo to San Francisco.

As of October 1, 2012, Clipper, universal Bay Area transit fare payment media, was made available on the Alameda/Oakland to San Francisco and Alameda Harbor Bay to San Francisco ferry services. Clipper is also accepted on the Alameda/Oakland to South San Francisco ferry service since its launch in June 2012.

On January 10, 2013, the Authority's Board of Directors adopted the Authority's first Short Range Transit Plan (SRTP) for Fiscal Years 2012-2021 as required by the Metropolitan Transportation Commission (MTC).

On April 29, 2013, the Authority began its one year demonstration project to enhance the South San Francisco to San Francisco ferry service in an effort to build ridership.

On June 1, 2013, the Authority made its final bond principal and interest payment on the Revenue Bond Series 2010 issued in August 2010.

During 2013, the Authority expended \$9.2 million on capital activities. This included the following major projects:

- Construction of a replacement passenger-float at the Oakland (Jack London Square) ferry terminal (\$2.1 million).
- Refurbishment of the *Bay Breeze* (\$1.6 million).
- Refurbishment of the *Mare Island* (\$1.4 million).
- North Bay Operations and Maintenance Facility (\$1.1 million).
- Engine overhaul of the *Encinal* (\$830,000).
- Construction of the South San Francisco Ferry Terminal (\$520,000).
- Planning studies, environmental review and conceptual design for potential future ferry services – cities of Berkeley, Richmond, Antioch, Hercules, Martinez and Redwood City (\$460,000).
- Downtown S.F. Berthing Expansion – Environmental/conceptual design (\$420,000).

During 2013, completed projects totaling \$20.2 million were closed from Construction In Progress (CIP) to their respective capital accounts. The major completed projects included:

- Refurbishment of the *Intintoli* and *Mare Island* (\$16.6 million).
- Replacement passenger-float at the Oakland (Jack London Square) ferry terminal (\$2.3 million).
- Engine overhaul of the *Encinal* (\$830,000).
- Maintenance dredging at Harbor Bay (\$334,000).

The Authority will continue its efforts to support the management, operation and marketing of the four San Francisco Bay Ferry Routes: Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco and Vallejo to San Francisco. Planning and administrative work will include completing a comprehensive service review, establishing a system-wide fare program and further investigating, defining and prioritizing future expansion services. Effort will also be focused on implementing system rehabilitation and core capital infrastructure projects including the replacement of a number of key facilities and vessels necessary to support daily and emergency response ferry services. Development of plans to expand berthing capacity in downtown San Francisco and development of operations and maintenance 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 THE AUTHORITY'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 POSITION  
JUNE 30, 2013

ASSETS

Current Assets

Cash and cash equivalents (Note 4)	\$125,047,580
Receivables:	
Accounts	4,066,410
Interest	3,654
Security deposit	55,560
Inventory	852,648
Prepaid expenses	<u>2,380,603</u>

Total Current Assets	<u>132,406,455</u>
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Capital assets, net of accumulated depreciation (Note 5):

Construction in progress	15,415,178
Depreciable capital assets, net	
Ferries	59,725,171
Terminal development rights	3,393,864
Ferry terminal and facilities	30,676,082
Float and equipment	<u>6,279,306</u>

Total Capital Assets	<u>115,489,601</u>
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Total Noncurrent Assets	<u>115,489,601</u>
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Total Assets	<u>247,896,056</u>
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LIABILITIES

Current Liabilities

Accounts payable	1,833,329
Other accrued liabilities	1,943,420
Compensated absences (Note 2C)	<u>84,723</u>

Total Current Liabilities	<u>3,861,472</u>
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Noncurrent Liabilities

Compensated absences (Note 2C)	93,020
Unearned revenue - State Appropriation (Note 6A)	2,252,957
Unearned revenue - Regional Measures (Note 6B)	2,545,534
Unearned revenue - Prop 1B (Note 6C)	<u>108,232,916</u>

Total Noncurrent Liabilities	<u>113,124,427</u>
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Total Liabilities	<u>116,985,899</u>
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NET POSITION (Note 10)

Net investment in capital assets	115,489,601
Restricted	4,427,546
Unrestricted	<u>10,993,010</u>

Total Net Position	<u>\$130,910,157</u>
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See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED JUNE 30, 2013

OPERATING REVENUES

Fare Box Revenues	<u>\$10,501,989</u>
Total Revenues	<u>10,501,989</u>

PROGRAM OPERATING EXPENSES

Personnel costs	1,920,915
Purchased transportation	16,420,673
Administrative expenses	6,020,658
Legal and consulting	1,703,367
Insurance premiums	357,572
Depreciation (Note 5)	<u>5,753,716</u>
Total Program Operating Expenses	<u>32,176,901</u>

OPERATING LOSS (21,674,912)

NONOPERATING REVENUES (EXPENSE)

Intergovernmental	19,036,217
Local Property Tax/Assessments	<u>2,311</u>
Total Nonoperating Expenses	<u>19,038,528</u>

CAPITAL GRANTS 9,237,862

SPECIAL ITEM - CONTRIBUTION FOR  
TRANSFER OF OPERATIONS FROM THE CITY OF VALLEJO (Note 3) 32,547,766

CHANGE IN NET POSITION 39,149,244

NET POSITION - BEGINNING 91,760,913

NET POSITION - ENDING \$130,910,157

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED JUNE 30, 2013

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$10,501,989
Payments to vendors and consultants	(25,398,882)
Payments to or on behalf of employees	<u>(1,900,496)</u>
Net cash flows from operating activities	<u>(16,797,389)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	18,171,665
Local Property Tax/Assessments	<u>2,311</u>
Net cash flows from noncapital and related financing activities	<u>18,173,976</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	57,700,271
Payments for capital assets	(9,237,861)
Repayment of long-term obligation	(2,092,626)
Interest on long term debt	<u>(96,930)</u>
Net cash flows from capital and related financing activities	<u>46,272,854</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest collections	<u>57,175</u>
Net cash flows from investing activities	<u>57,175</u>
Net cash flows	47,706,616
Cash and cash equivalents- beginning of year	<u>77,340,964</u>
Cash and cash equivalents - end of year	<u><u>\$125,047,580</u></u>

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

Operating loss	(\$21,674,912)
Depreciation	5,753,716
Change in assets and liabilities:	
Security deposits	(3,496)
Prepaid expenses	(661,105)
Accounts payable	(737,216)
Other accrued liabilities	505,205
Compensated absences	<u>20,419</u>
Net cash flows from operating activities	<u><u>(\$16,797,389)</u></u>

NONCASH INVESTING, CAPITAL AND FINANCING ACTIVITIES

Capital assets transferred from the City of Vallejo	<u><u>\$31,647,377</u></u>
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See accompanying notes to financial statements

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**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 Position 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, 2013**

**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, 2012	\$157,324
Additions	225,292
Payments	<u>(204,873)</u>
Balance at June 30, 2013	<u><u>\$177,743</u></u>
Due within one year	<u><u>\$84,723</u></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, 2013**

**NOTE 3 – COMMENCEMENT OF OPERATIONS**

Vallejo 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 (Authority). The Authority has specified powers and duties, including but not limited to, taking over the City of Vallejo's (City) Vallejo Ferry Service operation and facilities and coordinating the emergency activities of water transportation on the bay.

The impact of the law to the Authority'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 Authority.

The City of Vallejo and the Authority worked collaboratively as required by this legislation and the Transition Plan was adopted by the Authority Board on June 8, 2009. The Authority Board of Directors approved the Vallejo Transfer Agreement on October 6, 2011, and the Vallejo City Council approved it on October 11, 2011. The Authority 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 the Authority. The system transfer was completed on July 1, 2012.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 3 – COMMENCEMENT OF OPERATIONS (Continued)**

On July 1, 2012 the City transferred assets associated with their ferry operations to the Authority as shown below:

	<u>Transfers from the City of Vallejo</u>
<b>ASSETS</b>	
Inventory	\$900,389
Capital Assets (Note 5)	
Ferries	36,688,918
Terminal development rights	8,989,263
Floats and equipment	76,730
Construction in progress (Note 5)	18,710,347
Accumulated depreciation (Note 5)	<u>(32,817,881)</u>
 Total Capital Assets	 <u>31,647,377</u>
 Total Assets	 <u><u>\$32,547,766</u></u>

**NOTE 4 - 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, 2013:

Cash and Investments:	
Cash in Bank	\$1,153,236
Cash in Bank for Prop 1B and Measure B	111,779,024
Local Agency Investment Fund	<u>12,115,320</u>
 Total Cash and Investments	 <u><u>\$125,047,580</u></u>

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 4 - CASH AND INVESTMENTS (Continued)**

**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	5 years	N/A	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

**C. 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 is approximately 268 days.

**D. Credit**

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.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 4 - CASH AND INVESTMENTS (Continued)**

**E. 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.

**F. 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.

**NOTE 5 – 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

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 5 – CAPITAL ASSETS (Continued)**

**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, 2013, the Authority capitalized interest cost of \$88,525, net of interest earned on unexpended proceeds of \$5,600.

Capital assets activity was as follows for the year ended June 30, 2013:

	Balance as of June 30, 2012	Transfer from City of Vallejo Ferry Operations July 1, 2012	Additions	Transfers	Balance as of June 30, 2013
Capital assets not being depreciated:					
Construction in progress	\$7,675,323	\$18,710,346	\$9,237,862	(\$20,208,353)	\$15,415,178
Total assets not being depreciated	<u>7,675,323</u>	<u>18,710,346</u>	<u>9,237,862</u>	<u>(20,208,353)</u>	<u>15,415,178</u>
Capital assets being depreciated:					
Ferries	44,840,127	8,729,974		16,758,968	70,329,069
Terminal development rights	3,660,000				3,660,000
Ferry terminal and facilities	30,522,220	751,541		453,439	31,727,200
Floats and equipment	267,439	3,455,516		2,995,946	6,718,901
Total assets being depreciated	<u>79,289,786</u>	<u>12,937,031</u>		<u>20,208,353</u>	<u>112,435,170</u>
Less accumulated depreciation for:					
Ferries	(6,255,047)	(986,041)	(3,362,810)		(10,603,898)
Terminal development rights	(199,590)		(66,546)		(266,136)
Ferry terminal and facilities	(105,351)	(250,514)	(695,253)		(1,051,118)
Floats and equipment	(47,040)	(329,806)	(62,748)		(439,594)
Total accumulated depreciation	<u>(6,607,028)</u>	<u>(1,566,361)</u>	<u>(4,187,357)</u>		<u>(12,360,746)</u>
Net capital assets being depreciated	<u>72,682,758</u>	<u>11,370,670</u>	<u>(4,187,357)</u>	<u>20,208,353</u>	<u>100,074,424</u>
Capital Assets, Net	<u>\$80,358,081</u>	<u>\$30,081,016</u>	<u>\$5,050,505</u>		<u>\$115,489,602</u>

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 6 – 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, 2013, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of June 30, 2013	<u>(9,765,273)</u>
Unearned appropriation as of beginning of period	2,234,727
 Fiscal year 2013:	
Interest income	<u>18,230</u>
 Unearned appropriation as of period end	<u><u>\$2,252,957</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, 2013, the Authority had expended and received total allocated funds of \$538,393, in which \$308,655 was used for operations and \$229,738 was used for capital.

*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 was allocated \$16,160,300 to be used for operations and \$1,900,651 to be used for debt service in the fiscal year ended June 30, 2013. As of June 30, 2013, the Authority has expended total current allocated funds of \$17,452,941 and an additional \$222,264 of previously allocated capital funds. The Authority received \$15,489,718 in cash and had a receivable balance of \$2,185,487.

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 6 – 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, 2013, the Authority had been awarded \$100 million in Proposition 1B allocations.

Assembly Bill 1203 (AB 1203), chaptered into law on October 11, 2009, provided clarifying language that allow the Authority to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received \$44,679,939. The Authority received an additional \$25 million in fiscal year 2010-11 and \$50 million in the fiscal year ended June 30, 2013. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B project for the fiscal year ended June 30, 2013 are as follows:

Project Name	Grant Allocations	Expended in Fiscal Year		Unearned Revenue at 06/30/13
		Prior years	2012-2013	
Preliminary Investigation & Environmental Review of Redwood City, Richmond, Antioch and Martinez	\$3,250,000	(\$541,786)	(\$351,310)	\$2,356,904
Final Design for Berkeley and Hercules Terminals	5,500,000	(86,738)	(111,472)	5,301,790
Berkeley Terminal and Vessel Construction	10,000,000			10,000,000
South San Francisco Terminal and Vessel Construction	10,000,000	(9,343,056)	(231,815)	425,129
Maintenance Barge/Facility and Emergency Floats	15,250,000	(2,300,197)	(2,446,758)	10,503,045
Central Bay and North Bay Maintenance Facilities	39,000,000		(953,017)	38,046,983
San Francisco Berthing Expansion	17,000,000	(450,913)	(133,860)	16,415,227
WETA Ferry Vessels	20,000,000			20,000,000
East Bay Ferry Terminals	5,000,000			5,000,000
Total	<u>\$125,000,000</u>	<u>(\$12,722,690)</u>	<u>(\$4,228,232)</u>	108,049,078
Add interest earned in prior years				127,258
Add interest earned in current year				<u>56,582</u>
Unearned Revenues				<u>\$108,232,918</u>



**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 6 – 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, 2013, the Measure B program activity was as follows:

**Measure B Program Revenues:**

Measure B Sales Tax Revenue	\$897,451
Interest Earned	1,743
Total Measure B Revenues	<u>899,194</u>

**Measure B Program Expenditures:**

Vessel Mid-Life Refurbishment - Bay Breeze	(218,426)
Total Measure B Expenditures	<u>(218,426)</u>

Net change in Net Position	680,768
----------------------------	---------

Unspent Measure B Revenues as of Beginning of the Year:	<u>2,502,463</u>
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Unspent Measure B funds as of the End of the Year:	<u><u>\$3,183,231</u></u>
--	---------------------------

**Reserves:**

Capital Fund Reserves	<u>\$3,183,231</u>
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Unspent Measure B funds as of the End of the Year:	<u><u>\$3,183,231</u></u>
--	---------------------------

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 6 – 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, 2013, the Authority's Capital Fund Reserve amounted to \$3,183,231 and has been retained to fund capital projects relative to the Alameda ferry services including the Mid-Life Repower and Refurbishment of the Bay Breeze, Purchase Replacement Ferry Vessels, and Ferry Propulsion System Replacement.

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, 2013, 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, 2013, 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, 2013**

**NOTE 7 – 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. As of June 30, 2013, the bond was fully repaid.

	June 30, 2012	Retirements	June 30, 2013
<b>Revenue Bond,</b> Series 2010	\$2,092,626	(\$2,092,626)	
<b>Total</b>	<u>\$2,092,626</u>	<u>(\$2,092,626)</u>	

**NOTE 8 – 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 9 – RISK MANAGEMENT**

The Authority purchased the following insurance policy covered at June 30, 2013:

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
<b>Type of Coverage (related to Ferry Services)</b>		
	1,000,000 to	
Marine terminal commercial liability	2,000,000	2,500
Dock, pilings & ramps		
Pier 9, Harbor Bay, Main Street, Vallejo and Mare Island Terminals	17,430,200	10,000 to 20,000
South San Francisco Terminal	18,973,405	1,000
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, 2013**

**NOTE 10 – NET POSITION**

Net Position is the excess of all the Authority's assets and deferred outflows over all its liabilities and deferred inflows, regardless of fund. The Authority's Net Position is reported under the caption described below:

*Net Investment in Capital Assets* 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 Alameda Local Property Tax/Assessments.

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

**NOTE 11 - 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, 2013, are summarized as follows:

	Miscellaneous	Miscellaneous New Tier
Hire Date	Prior to January 1, 2013	After January 1, 2013
Benefits vesting schedule	5 years service	5 years service
Benefits payments	Monthly for life	Monthly for life
Retirement age	50	62
Monthly benefits, as a % of annual salary	2 % - 2.5%	2%
Required employee contribution rate	8.00%	6.25%
Required employer contribution rate	15.074%	6.25%

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. Annual Pension Costs, representing the payment of all contributions required by CALPERS, for the last three fiscal years were as follows:

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 11 - PENSION PLAN (Continued)**

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>
2011	\$235,117	100%
2012	288,828	100%
2013	300,368	100%

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 7.50% is assumed, including inflation at 2.75%. 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.

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 increase 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:

<u>Valuation Date</u>	<u>Entry Age Accrued Liability</u>	<u>Value of Assets</u>	<u>Unfunded Liability</u>	<u>Funded Ratio</u>	<u>Annual Covered Payroll</u>	<u>Unfunded Liability as % of Payroll</u>
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%
2011	2,135,350,204	1,724,200,585	411,149,619	80.7%	350,121,750	117.4%

Audited annual financial statements are available 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, 2013**

**NOTE 12 – 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.

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, 2013, four 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) 5.0%-9.4 % 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, 2013**

**NOTE 12 – 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, 2013, the Authority contributed the ARC amounting to \$58,356 to the plan which represented 4.8% of the \$1.2 million 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, 2013, as presented below:

	<u>Amounts</u>
Net OPEB Obligation June 30, 2012	\$0
Annual required contribution (ARC)	58,356
Contributions to CERBT	<u>(58,356)</u>
Change in net OPEB Liability	<u>0</u>
Net OPEB Obligation June 30, 2013	<u><u>\$0</u></u>

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, 2013, the Authority transferred additional contributions to CERBT, which along with investment earnings totaled \$269,381 and reduced the unfunded actuarial accrued liability.

The Plan's estimated annual required contributions and actual contributions for the years ended June 30, 2011, 2012 and 2013 are set forth below:

<u>Fiscal Year</u>	<u>Estimated Annual Required Contribution (ARC)</u>	<u>Actual Contribution</u>	<u>Percentage of ARC Contributed</u>	<u>Net OPEB Obligation</u>
6/30/2011	\$41,081	\$41,081	100%	\$0
6/30/2012	55,871	55,871	100%	0
6/30/2013	58,356	58,356	100%	0

**SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY  
NOTES TO BASIC FINANCIAL STATEMENTS  
For the Year Ended June 30, 2013**

**NOTE 12 – 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 13 – 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, 2013, in accordance with the provisions of the Federal Single Audit Act as amended 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, 2013, the Authority had made commitments for construction of the following projects:

<u>Project</u>	
Mid-Life Refurbishment - Bay Breeze	\$2,479,389
Gangway & Pier Rehabilitation	153,275
Regional Spare Float Replacement	328,562
Antioch - Environ/Conceptual Design	486,224
Martinez - Environ/Conceptual Design	568,334
Central Bay Operations & Maint. Facility	62,118
North Bay Operations & Maint Facility	1,665,975
Berkeley - Environ/Conceptual Design	96,519
Richmond - Environ/Conceptual Design	85,958
South San Francisco Ferry Terminal / Oyster Monitoring	140,283
San Francisco Berthing Expansion	233,437
Redwood City - Environ/Conceptual Design	495,849
Total	<u>\$6,795,923</u>



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# Attachment 3

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

**SINGLE AUDIT REPORT AND  
MEASURE B COMPLIANCE REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**SINGLE AUDIT REPORT  
For The Year Ended June 30, 2013**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
For The Year Ended June 30, 2013**

**SECTION I—SUMMARY OF AUDITOR'S RESULTS**

**Financial Statements**

Type of auditor's report issued: Unmodified

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: Unmodified

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?       X       Yes            No

Identification of major programs:

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
20.500 & 20.507	Federal Transit Cluster – Capital Investment Grants & Formula Grants

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 November 8, 2013 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 disclosed the following findings and questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

### **Finding 2013-01: Signed Grant Agreement**

**CFDA Number:** 20.507

**CFDA Title:** Federal Transit Formula Grants

**Name of Federal Agency:** Department of Transportation, Federal Transit Administration

**Name of pass-through Entity:** City of Vallejo

**Criteria:** Agreements between the San Francisco Bay Area Water Transportation Authority (Authority) and a second party should be signed to indicate that both parties agree to the terms outlined in the agreement.

**Condition:** While testing the Department of Transportation grant agreement passed through from the City of Vallejo to the Authority, it was noted that the grant agreement, effective July 1, 2012 through June 30, 2013, was not signed by both parties. It should be noted that the City of Vallejo and the Authority continue to operate under the terms of the unsigned agreement.

**Effect:** Unsigned agreements may potentially result in unreimbursed expenses incurred by the Authority.

**Cause:** Oversight by both parties.

**Recommendation:** It is recommended that the Authority review all its active agreements, follow up on any unsigned agreements and have both parties sign the said agreements.

### **View of Responsible Officials and Planned Corrective Actions:**

**Contact person:** Lynne Yu, Grants and Finance Manager

**Corrective action plan:** The project funded with the City of Vallejo's (City) Federal Transit Administration (FTA) grant funds was completed in December 2012 and the Authority currently has no other pass through agreement with any FTA grant recipients. The Authority will follow up with the City to ensure both parties sign the said agreement. The Authority will also ensure all future pass through agreements are fully executed.

**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, 2013**

<b>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</b>	<b>Federal CFDA Number</b>	<b>Pass-Through Identifying Number</b>	<b>Federal Expenditures</b>
Federal Transit Cluster			
Department of Transportation, Federal Transit Administration Direct Programs			
Federal Transit Capital Investment Grant:			
SF Berthing - Environ/Conceptual Design	20.500	CA-04-0160	\$285,439
Federal Fixed Guideway Modernization:			
FY09 - 5309 Capital	20.500	CA-05-0256	5,850
FY12- 5309 Capital	20.500	CA-05-0278	<u>4,580</u>
Subtotal Federal Transit Capital Investment Grant Direct Programs			<u>295,869</u>
Federal Transit Formula Grants:			
FY09 & FY10 5307 Capital	20.507	CA-90-Y859	1,809,774
FY2011 5307 Capital	20.507	CA-90-Y923	<u>255,498</u>
Subtotal Federal Transit Formula Grant Direct Programs			<u>2,065,272</u>
Department of Transportation, Federal Transit Administration Pass-Through Programs			
Federal Transit Formula Grants Pass-Through Programs from:			
City of Vallejo			
FY09 5307 Capital Maintenance	20.507	CA-90-Y765	162,472
FY10 PM/Repower Ferry/Rehab Bus & Ferry Facilities	20.507	CA-90-Y807	<u>1,136,452</u>
Subtotal Federal Transit Formula Grants Pass-Through Programs			<u>1,298,924</u>
Total Federal Transit Cluster			<u>3,660,065</u>
Department of Homeland Security Direct Program			
Port Security Grant Program			
FY 2010 Port Security Grant Program	97.056	2010-PU-T0-K050	<u>3,406</u>
Total Expenditures of Federal Awards			<u><u>\$3,663,471</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, 2013**

**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.

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**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 Honorable Members of the Board of Directors of the  
San Francisco Bay Area Water Emergency Transportation Authority (Authority)  
San Francisco, California

We have audited, in accordance with the 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, the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority, as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2013. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control Over Financial Reporting***

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of 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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from 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 or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Page & Associates*

Pleasant Hill, California

November 8, 2013

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY OMB CIRCULAR A-133**

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

***Report on Compliance for Each Major Federal Program***

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, 2013. 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.

***Management's Responsibility***

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

***Auditor's Responsibility***

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. 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, *Audits of States, Local Governments, and Non-Profit Organizations*. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

***Opinion on Each Major Federal Program***

In our opinion, the Authority complied, in all material respects, with the types of 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, 2013.

## ***Other Matters***

The results of our auditing procedures disclosed one instance of noncompliance, which is required to be reported in accordance with OMB Circular A-133 and which are described in the accompanying schedule of findings and questioned costs as item 2013-01. Our opinion on each major federal program is not modified with respect to this matter.

## ***Authority's Response to Findings***

The Authority's response to the noncompliance finding identified in our audit is described in the accompanying schedule of findings and questioned costs. The Authority's response was not subjected to the auditing procedures applied in the audit of compliance and, accordingly, we express no opinion on the response.

## ***Report on Internal Control Over Compliance***

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

***Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133***

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2013, and have issued our report thereon dated November 8, 2013, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 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 additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

*Mage & Associates*

Pleasant Hill, California  
November 15, 2013



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

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

We have audited, in accordance with the 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, the basic financial statements of the Measure B Program (Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2013, and the related notes to the financial statements, and have issued our report thereon dated November 8, 2013. Those standards and require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the Program could have a material effect on Measure B Program Revenues, Expenses and Changes in Net Position included in Note 6D to the Authority's Basic Financial Statements. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles.

***Internal Control over Financial Reporting***

In planning and performing our audit of the financial statements, we considered the Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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 Association's internal control. Accordingly, we do not express an opinion on the effectiveness of the Association'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 Program'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 of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

### ***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, as specified in *Master Programs Funding Agreement* between the Authority and Alameda County Transportation Commission, 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 or other matters that are required to be reported under *Government Auditing Standards*.

### ***Purpose of this Report***

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

*Mage & Associates*

November 8, 2013

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**

**SUBJECT: Discussion Regarding Additional Program Support Services**

**Recommendation**

There is no specific recommendation associated with this item.

**Background**

The Authority has grown over the past decade from being a planning-focused entity charged with developing a concept for a network of regional ferry services to being a full-fledged transit operator with a fleet of 12 vessels and five terminal facilities utilized to operate four routes serving 1.6 million passengers per year. WETA's current annual operating budget is \$30 million and its 10-year capital improvement and expansion program is \$422 million.

Historically, the Authority has utilized two firms for lobbying and legislative support services to help support our program development and legislative needs and secure agency support and program funding commitments. These include Broad & Gusman, LLP at the state level (since 2004) and Lindsay Hart, LLP at the federal level (since 2001).

The Broad & Gusman, LLP contract, which is for a pre-set amount of \$66,000 per year, includes the following scope of work, as needed:

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

Over the years, Broad & Gusman, LLP has been instrumental in advising the Authority on critical funding and operational items that have come up at the state level and has helped to guide the formation of legislation critical to Authority funding and governance.

The Lindsay Hart, LLP contract, which is for a not-to-exceed amount of \$160,000 per year, billed out on an hourly basis for services provided, is for the following activities:

- Expand, maintain, and coordinate San Francisco Bay/California Congressional Delegation advocacy for WETA and work to ensure continued active support for WETA by the Washington State Congressional Delegation, where WETA boats have been built, repaired and rehabilitated, and by other Members of Congress;

- Work with WETA staff to pursue grants and seek congressional support from the Ferry Boat Discretionary Fund as administered by the Federal Highway Administration and Federal Transit Administration;
- Participate as founding member of the DC representatives of the Public Ferry Coalition, to gain increased federal funding and other federal support for public ferry service throughout the country;
- Work towards overall objective of gaining a revenue stream to WETA in any new federal ferry legislation, including MAP 21;
- Assure that WETA's interests are well-served in any ferry formula grant program; and
- Regularly inform WETA Board and staff of all relevant legislative and regulatory developments and lobbying activities in Washington, DC.

Over the years, Lindsay Hart, LLP has been successful in working with the Authority's legislative delegation and other interested parties to help secure over \$30 million in federal funding commitments toward WETA projects and in working to increase overall federal transportation funding for ferry programs.

Both of these contracts are currently authorized on an annual basis for the period from July 1 through June 30.

**Discussion**

Chair Johnson has expressed interest in seeking additional Authority support services to advocate for the agency and its program. This item is intended to provide a mechanism for the Board to discuss the scope of additional services desired, consider how these services might be integrated with current state or federal lobbying services/contracts, or not, and to provide staff with direction on how to proceed with this matter.

**Fiscal Impact**

There is no fiscal impact associated with this item.

\*\*\*END\*\*\*

**MEMORANDUM**

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**TO: Board Members**

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

**SUBJECT: Approve Contract Award to Aurora Marine Design for Vessel Construction Management Services**

**Recommendation**

Approve contract award to Aurora Marine Design for vessel construction management services in an amount of \$1,420,000, and authorize the Executive Director to negotiate and execute a final contract and take any other such related actions to support this work.

**Background/Discussion**

Two of the eight central bay vessels, the *Encinal* and *Harbor Bay Express II*, are included in the FY 2013/14 Capital Budget for replacement as they have reached the end of their useful lives (generally 25 years) and staff has secured funding commitments for replacement. On October 3, 2013, the Board authorized staff to issue a Request for Proposals (RFP) for vessel construction management services. Staff issued the RFP on October 9, 2013, to over 1,000 firms on WETA's e-mail distribution list for contracting opportunities, solicited interest through notices on the website and placed a nationwide ad in the Passenger Vessel Association weekly email. A total of three proposals were received in response to the RFP.

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

**1. Understanding of Project Objectives**

Criteria - understanding of services required and significance to WETA; identification of additional tasks not listed in scope of services that may be required to complete the project.

**2. Technical and Management Approach**

Criteria - knowledge of reviewing agencies and the role they will play in process; potential impacts to cost, scope, and schedule based on lessons learned; recommendations to lower/control costs given proposed scope of project; approach to working with WETA staff and consultants.

**3. Capabilities and Experience of Proposed Staff**

Criteria - qualifications and experience of proposed team, emphasizing specific qualifications and experience acquired.

**4. Organization of the Team**

Criteria - completeness, efficiency, logic, availability.

An evaluation panel that included WETA staff, Marty Robbins of Fast Ferry Management, Inc., and Patrick Murphy of Blue & Gold Fleet reviewed and scored the

proposals based upon these criteria on November 18, 2013. The results of the review are summarized in Table 1 below.

**Table 1 - Combined Scoring**

	Firms		
	Jensen	Aurora	Lindholm
<b>Approach and Understanding</b>	0.63	0.83	0.53
<b>Technical and Management Approach</b>	1.65	2	1.075
<b>Capabilities and Experience</b>	4.38	4.98	2.4
<b>Team Organization</b>	0.315	0.415	0.215
<b>Total Score</b>	<b>6.97</b>	<b>8.225</b>	<b>4.22</b>

Based upon the submittal evaluation and scoring, the review panel recommends awarding a contract to Aurora Marine Design for this work. The selection panel gave Aurora Marine Design the highest rating based on their proposed technical approach and input from references. Aurora Marine Design has extensive experience working on similar projects.

The work under this contract will include such items as vessel design and technical specifications preparation, vessel construction management oversight, and warranty administration. The construction management firm would also provide inspection and testing services throughout all phases of construction and compliance oversight of this Federal Transit Administration funded project. The recommended contract award is for an amount not to exceed \$1,420,000, which represents approximately 4% of the total vessel replacement project amount. This amount is consistent with that spent for construction management of previous vessels constructed by WTA/WETA. The work under this contract will be managed by task orders issued by WETA staff within the overall contract limit.

**DBE/SBE Participation**

WETA's overall annual Disadvantaged Business Enterprise (DBE) goal and Small Business Enterprise (SBE) goal for Fiscal Year 2013/2014 is 1.36% for FTA-assisted contracts. Staff has determined that Aurora Marine Group has complied with the contract DBE requirements. At this time, no DBE participation is anticipated during the performance of this contract.

**Fiscal Impact**

The FY 2013/14 Capital Budget includes \$33.5 million to replace two WETA ferry vessels, funded with Federal Transit Administration (FTA), Proposition 1B (Prop 1B), and Regional Measure 2 (RM 2) funds. This contract will be funded as a part of these projects.

\*\*\*END\*\*\*

**MEMORANDUM**

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**TO:** Board Members

**FROM:** Nina Rannells, Executive Director  
Kevin Connolly, Manager, Planning & Development  
Chad Mason, Senior Planner

**SUBJECT:** Project Update for the North Bay Operations and Maintenance Facility

**Recommendation**

There is no recommendation associated with this informational item.

**Background/Discussion**

This project will construct a new ferry operations and maintenance facility located at Building 165 on Mare Island in Vallejo. The project consists of separate landside and waterside construction phases. The landside phase includes site preparation and construction of landside improvements, including a 48,000 gallon fuel storage and delivery system, a new warehouse, and renovation of Building 165. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities. This project was transferred to WETA for implementation as a part of the July 2012 Vallejo service transfer.

The WETA Board of Directors awarded the contract for the landside construction to West Bay Builders on August 29, 2013. The design build team has started coordination with City of Vallejo departments to initiate the building permit process. This includes meetings with the Departments of Building, Planning, Public Works, and the Sanitation and Flood Control District. The abatement work in Building 165 is complete. Completion of the abatement work allows for the design team to complete surveys necessary to complete the rehabilitation design of Building 165. The building permits will be applied for in two separate packages, with the first package anticipated for submittal in early 2014. The first building permit package will cover demolition, site improvements and utilities, a new warehouse, and the fuel storage facility. The second building permit package will be specific to the rehabilitation of Building 165.

The RFP for waterside construction is anticipated to be released in early 2014. Approval of a major permit from Bay Conservation and Development Commission (BCDC) is required of the project. The waterside phase of the project was presented to BCDC on November 7, 2013. BCDC will act to approve the major permit in 2014. Staff is engaged with other regulatory agencies to obtain permits for the waterside phase.

In July 2012, the U.S. Navy issued a letter of intent to enter into a lease with WETA for the submerged lands in Mare Island Strait where the waterside portion of the facility will be constructed. The NEPA environmental review work for the Navy waterside portion in Phase 2 is underway on behalf of the Navy. The Navy must complete this documentation prior to entering into a lease with WETA to use the waterside portion of the site. In addition, staff is coordinating with various resource agencies for submittal of the mitigation plan for the applicable waterside permits. Staff is working to complete the waterside specifications and RFP documents in parallel with the Navy lease and resources agency permit process.

**Fiscal Impact**

There is no fiscal impact associated with this informational item.

\*\*\*END\*\*\*



**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**  
**Kevin Connolly, Manager, Planning & Development**  
**Chad Mason, Senior Planner**

**SUBJECT: Approve Amendment to Agreement with GHD for Engineering,  
Construction and Permitting Support Services for the North Bay  
Operations and Maintenance Facility**

**Recommendation**

Approve Amendment No. 1 to Agreement #12-017 with GHD Inc. in the amount of \$450,000 to provide engineering, construction, and permitting support services for the North Bay Operations and Maintenance Facility and authorize the Executive Director to execute the amendment.

**Background**

GHD (previously Winzler and Kelly Consulting Engineers) entered into a contract with the City of Vallejo in 2004 to provide project development and support services for the Vallejo Ferry Maintenance Facility (North Bay Operations and Maintenance Facility) Project. GHD provided these services to the City between 2004 and 2012. During this period, the City approved three contract amendments with GHD, extending contract terms and increasing the scope of work and contract amount to a total of \$3,962,371 for a variety of project planning, design, engineering, and permitting services.

In October 2011, the WETA Board of Directors approved the Ferry Service Operations Transfer Agreement between WETA and the City of Vallejo. This agreement included transfer of the Vallejo Ferry Maintenance Facility Project and related contracts, which were ultimately all transferred to WETA with the service in July 2012. Since the transfer, GHD has continued to provide project design, engineering, and permitting services to WETA. In particular, GHD has assisted with redesign of the landside and waterside components of the project in an effort to reduce construction costs. This redesign effort consumed a substantial portion of the remaining budget. GHD has also prepared the specifications and drawings used for the procurement of the landside construction contract and has assisted with evaluation of proposals for the landside construction contract, which was awarded to West Bay Builders in August 2013.

**Discussion**

GHD has provided a full complement of professional services and support throughout the design and development of this project. Continuation of these services through the construction phase of this project will be important to enable staff to effectively manage the balance of project permitting activities and to provide technical design and engineering support during final design and construction of this design-build project. These services are especially

important to WETA and the project as the agency does not have its own internal engineering staff resources.

Since the landside construction contract was awarded, GHD's role has transitioned to including engineering and construction support. The engineering support role for GHD will continue throughout landside and waterside construction.

On the waterside, the GHD team is currently completing the specifications and drawings to be used for the procurement of the waterside construction contract. The RFP for this contract is anticipated for release in January 2014 and GHD will provide proposal evaluation assistance during this process. GHD will continue to provide assistance with the waterside permitting process. WETA and GHD staffs are actively engaged with resource agency staff to complete the required waterside permits. GHD will also provide commissioning, system testing, assistance with cleanup of the existing facility, and project closeout services.

The recommended contract amendment is for an amount not to exceed \$450,000 to cover project engineering, design, permitting, and other engineering support services that may be necessary through project construction and close-out. Work under this contract will be managed and completed based upon task orders issued by WETA staff within the overall contract limit.

**Fiscal Impact**

Approval of the amendment would increase the total not-to-exceed budget amount for the contract by \$450,000, from \$3,962,371 to \$4,412,371. Sufficient funds are included in the North Bay Operations and Maintenance Facility project budget, funded with Proposition 1B and State Transportation Improvement Program (STIP) funds, to support this amendment.

\*\*\*END\*\*\*

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**  
**Kevin Connolly, Manager, Planning & Development**  
**Chad Mason, Senior Planner**

**SUBJECT: Authorize the Release of Request for Proposals for the Waterside Construction Contract for the North Bay Operations and Maintenance Facility**

**Recommendation**

Authorize the release of Requests for Proposals for the Waterside Construction Contract for the North Bay Operations and Maintenance Facility.

**Background**

The North Bay Operations and Maintenance Facility project is divided into three primary work components including:

- **Site Preparation:** The preliminary phase consists of site preparation work, demolition, hazardous materials abatement, and environmental clean-up required for the Building 165 site prior to implementation of the landside improvements.
- **Landside Improvements:** The landside improvements include a fueling facility with a truck drive aisle for fuel delivery, above-grade diesel fuel storage tanks, lube oil and urea storage tanks, pipelines for delivery of the various fluid products, and removal of wastes. Additional improvements include a new warehouse, reuse of Building 165A as storage building, and adaptive reuse of the historic Building 165 for shop and office space.
- **Waterside Improvements:** The waterside improvements include three new full-service berths (capable of accommodating maintenance and passenger service activities) and one maintenance-only berth for the ferry vessels in a configuration with two 124-foot long finger floats and a 200-foot long maintenance float. A second maintenance berth, adjacent to the quay wall, would be used in the event that a large land-based crane was necessary for a repair such as removing an engine. Basic services including fueling, potable water, shore power, sewage disposal, urea, bilge water, lube and waste oil, and compressed air will be provided at each of the three full-service berths.

The RFP for the site preparation and landside construction work was issued in July 2013 and a contract was awarded to West Bay Builders in August 2013.

**Discussion**

This item seeks Board authorization to release the Request for Proposals for the Waterside Construction component of this project.

This waterside construction phase includes the following main components:

- New berths for the ferry vessels and required improvements for operation of the facility including the capability for loading and unloading passengers and performance of vessel maintenance. Passenger loading may occur at any of the four berths.
- The existing Service Float will be relocated from the facility location at Building 477 and will include lighting, power, tool and equipment shed, ship's store shed, access, gates, hand-railing, gangways and ramping for passenger loading, security systems, and a jib crane. The 4,080 square-foot Service Float, currently tied to the quay wall at the existing facility, would be moved to the new facility and secured with guide piles, as part of the Waterside project. The Service Float, which includes an articulating jib crane, would allow direct access for light maintenance work at three of the berths. All heavy maintenance would be performed in the mechanics shop to be located in the renovated Building 165. The spare passenger loading float will be relocated from Building 477 facility and secured along-side the quay wall at the new facility. This float is only used during periodic maintenance dredging operations at the Vallejo ferry terminal, located on the opposite side of the strait. The Service Float will be used to permit direct access for maintenance work at three of the berths.
- Other elements of the waterfront facility would include lighting, power, a tool shed, ship's store shed, work float, access gangway, security systems, and communications systems.
- Maintenance, repairs, and modifications to the existing Service Float prior to relocation.

WETA staff will administer the procurement process for the waterside construction contract with the assistance of Weston Solutions Inc., the construction management firm for the project, and GHD, the project engineering firm. Selection of contractor will be based on qualifications, financial capacity, and ability to meet project schedule, cost, and related factors. If approved, staff would plan to issue the RFP in January and return to the Board in April for contract award.

**Fiscal Impact**

There is no fiscal impact associated with the release of the project RFP. This project is included in the FY 2013/14 Capital Budget with a total budget of \$25.5 million funded with Federal Transit Administration, STIP, and State Proposition 1B funds.

\*\*\*END\*\*\*

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**

**SUBJECT: Approve a Model Project Labor Agreement for Large Construction Projects**

**Recommendation**

Approve a Model Project Labor Agreement to serve as an agency template for use in developing specific project labor agreements for future large construction projects.

**Background**

Project Labor Agreements (PLA) are a form of pre-hire agreement that is most often utilized on larger, long-term construction projects requiring multiple contractors or subcontractors who employ workers in multiple crafts or trades. These agreements, which are negotiated between a construction project owner and the local building and trades labor unions, are developed and utilized to promote efficiency of construction operations. They are contractually binding and become a part of the bid specification that all winning contractors must follow. Once put into place, a PLA remains in effect for the duration of project construction.

In Spring 2013, staff worked with the Napa-Solano Building & Construction Trades Council with the goal of developing a Project Labor Agreement for use on the North Bay Operations and Maintenance Facility project. Due to timing constraints associated with funding for this project, the parties were unable to come to agreement on final PLA language in time to utilize a PLA for the landside component of this two-phased construction project. In July 2013, the Board directed staff to continue work towards developing a PLA for the waterside construction component of this project and to develop model project labor agreement language for the agency that could be used to facilitate development of future agreements for up-coming large construction projects such as the Central Bay Operations and Maintenance Facility and the Downtown San Francisco Ferry Berthing Expansion projects.

**Discussion**

Over the past several months staff has worked with a small group of Bay Area labor council representatives to develop model PLA language for the agency. This working group consisted of Andreas Cluver from the Building Trades Council of Alameda County, Greg Feere from the Contra Costa Building and Construction Trades Council, Ben Espinoza from the Napa-Solano Building & Construction Trades Council, who, in turn, worked to vet this template agreement with other labor council representatives in the region. The Model PLA developed and recommended for Board approval, and included as **Attachment 1** to this report, is the result of these discussions.

The proposed Model PLA is developed to promote labor harmony and project efficiency primarily by:

- Providing for uniformity in bidding work by identifying pre-established wages, work rules, and benefits for the multiple crafts employed on a project;
- Requiring a pre-job conference with all affected parties to review and clarify the work assignments up-front in order to avoid conflicts during construction;

- Identifying roles, responsibilities and procedures for addressing work disputes that may arise during construction in a timely and expeditious manner;
- Prohibiting work stoppages, strikes and lockouts at the project construction site(s) and identifying a process for expedited arbitration and resolution in the event of a breach of this provision; and
- Identifying various mechanisms for labor and management cooperation on matters of mutual interest and concern such as productivity, quality of work, safety, and health.

The Model PLA will serve as the base for staff to develop project-specific PLAs for Board consideration and use as larger construction projects are developed in the coming years. The Model Agreement does not include project-specific information or special provisions that may be agreed to on a project-by-project basis with individual labor councils, such as a core employee provision. These more specific details will be developed for each project-specific PLA as it is developed between the Authority and each individual labor council.

The first project-specific PLA developed from this Model PLA is for the North Bay Operations and Maintenance Facility project (waterside construction), which is the subject of a separate item on the December 12 meeting agenda.

**Fiscal Impact**

There is no fiscal impact associated with this item.

\*\*\*END\*\*\*

**PROJECT LABOR AGREEMENT  
FOR CONSTRUCTION OF THE SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY [NAME OF] PROJECT**

This Agreement is entered into this \_\_\_ day of \_\_\_\_\_, 2013 by and between the San Francisco Bay Area Water Emergency Transportation Authority (hereinafter, the "WETA" or "Owner"), together with contractors and/or subcontractors, who become signatory to this Agreement by signing the "Letter of Assent" (Addendum A) (all of whom are referred to herein as "Contractors/Employers"), and the [NAME OF] Building & Construction Trades Council ("Council") and its affiliated local Unions that have executed this Agreement (all of whom are referred to collectively as "Union" or "Unions").

The purpose of this Agreement is to promote efficiency of construction operations during construction of the WETA [NAME OF] Project (defined below) by providing for the orderly and peaceful settlement of labor disputes and grievances without strikes, work stoppages or lockouts, thereby promoting the public interest in assuring the timely and economical completion of the Project.

WHEREAS, WETA is developing a [GENERAL DESCRIPTION/PURPOSE OF THE OVERALL PROJECT]; and

WHEREAS, this Agreement is intended solely for [NAME OF CONSTRUCTION PHASE AND DESCRIPTION/DEFINITION OF PROJECT SEGMENT COVERED BY THIS WORK] (the "Project"); and

WHEREAS, the timely and successful completion of the Project is of the utmost importance to WETA and the general public; and

WHEREAS, large numbers of workers of various skills will be required in the performance of the construction work, including those to be represented by the Unions signatory to this Agreement employed by contractors and subcontractors who are also signatories to this Agreement; and

WHEREAS, it is recognized that on a project of this magnitude with multiple contractors and bargaining units on the job site at the same time over an extended period of time, there is the potential for work disruption that could negatively impact the continuity of work and the Project schedule; and

WHEREAS, the interests of the general public, WETA, the Unions and Contractor/Employer(s) would be best served if the construction work proceeded in an orderly manner without disruption because of strikes, sympathy strikes, work stoppages, picketing, lockouts, slowdowns or other interferences with work; and

WHEREAS, WETA, the Contractor/Employer(s) and the Unions desire to mutually establish and stabilize wages, hours and working conditions for the workers employed on the Project by the Contractor/Employer(s), and further, to encourage close cooperation among the Contractor/Employer(s) and the Union(s) so that a satisfactory, continuous and harmonious relationship will exist among the parties to this Agreement; and

WHEREAS, the parties agree that one of the primary purposes of this Agreement is to avoid the tensions that might arise on the Project if Union and non-union workers of different employers were to work side by side on the Project thereby leading to labor disputes that could delay completion of the Project; and

WHEREAS, this Agreement is not intended to replace, interfere with, abrogate, diminish or modify existing local or national collective bargaining agreements in effect during the duration of the Project, insofar as a legally binding agreement exists between the Contractor/Employer(s) and the affected Union(s) except to the extent that the provisions of this Agreement are inconsistent with said collective bargaining agreements, in which event, the provisions of this Agreement shall prevail; and

WHEREAS, the parties hereto are committed to constructing the Project safely and efficiently and the Unions are committed to staffing Project work with qualified craft workers; and

WHEREAS, the Project is funded with various grant funds and, as such, is subject to and



must comply with a variety of local, regional, state and federal regulations imposed as a result of such funding sources; and

WHEREAS, this Agreement will be an exhibit to the contract for construction of the Project to be awarded by WETA in accordance with applicable provisions of the California Public Contract Code, Federal, State and local regulations, ordinances and laws; and

WHEREAS, WETA has the absolute right to select as its prime contractor the entity offering the best value to WETA; and

WHEREAS, the parties to this Agreement pledge their full good faith and trust to work towards a mutually satisfactory completion of the Project;

NOW, THEREFORE, IT IS AGREED BETWEEN AND AMONG THE PARTIES HERETO, AS FOLLOWS:

## **ARTICLE I**

### **DEFINITIONS**

1.1 "Agreement" means this Project Labor Agreement.

1.2 "Apprentice" means an individual registered and participating as an apprentice in a Joint Labor/Management Apprenticeship Program approved by the State of California, Department of Industrial Relations, Division of Apprenticeship Standards.

1.3 "Construction Contract" means the public works or improvement contract(s) awarded by WETA for [NAME OF CONSTRUCTION PHASE] construction after execution of this Agreement that are necessary to complete the Project, including subcontracts at any tier, with respect to the Project work.

1.4 "Contractor/Employer(s)" means any individual, firm, partnership or corporation, or combination thereof, including joint ventures, that is an independent business enterprise and enters into a contract with WETA or its Project Manager or any of its contractors or subcontractors at any tier, with respect to the construction of any part of the Project under contract terms and conditions approved by WETA and which incorporate this Agreement.

1.5 "Council" means the [NAME OF] Counties Building & Construction Trades Council and its affiliated local Unions.

1.6 "Letter of Assent" means the document, as set forth in Addendum A hereto, that formally binds the Contractor/Employer(s) to comply with all the terms and conditions of this Agreement and that operates as a pre-condition to performing work on the Project.

1.7 "Master Labor Agreement" or "MLA" means the Master Collective Bargaining Agreement of each craft Union signatory hereto, as listed in Addendum B, and a copy of which shall be submitted to WETA by the Council with its executed copy of this Agreement and retained on file with WETA for the duration of the project.

1.8 "Project" means the public work or improvement for the construction of [NAME OF CONSTRUCTION PHASE/PROJECT THAT IS THE SUBJECT OF THIS AGREEMENT] in [CITY] California. WETA and the Council may mutually agree in writing to add additional components to the scope of work of the Project covered under this PLA.

1.9 "Project Manager" means the person(s) or business entity(ies) designated by WETA to oversee all phases of construction on the Project and to oversee the implementation of this Agreement and who works under the guidance of WETA's Authorized Representative.

1.10 "Trust Agreement" means an agreement for an established vacation, pension or other form of deferred compensation plan, apprenticeship and health benefit funds established by an applicable Master Labor Agreement as set forth in Section 9.1.

1.11 "Union" or "Unions" means the [NAME OF] Building & Construction Trades Council, AFL-CIO, ("the Council") and any affiliated labor organization signatory to this Agreement, acting in their own behalf and on behalf of their respective affiliates and member organizations whose names are subscribed hereto and who have through their officers executed this Agreement ("Signatory Unions").

1.12 "WETA" or "Owner" means the San Francisco Bay Area Water Emergency Transportation Authority and its public employees, including managerial personnel.

## **ARTICLE II**

### **SCOPE OF AGREEMENT**

2.1 Parties: The Agreement shall apply to and is limited to all Contractors/ Employer(s) performing Construction Contracts (including subcontracts at any tier on the Project) who must execute a Letter of Assent, WETA, the Council and the Unions signatory to this Agreement, acting on their own behalf and on behalf of their respective affiliates and member organizations whose names are subscribed hereto and who have through their officers executed this Agreement ("Signatory Unions").

2.2 Project Description: The Agreement shall govern all Construction Contracts for the Project, as defined in Article 1 above. Once a Construction Contract is completed, it is no longer covered by this Agreement. For the purposes of this Agreement, a Construction Contract shall be considered completed upon the filing of a Notice of Completion, or as otherwise provided by applicable State law.

2.3 Covered Work: This Agreement covers, without limitation, all on-site site preparation, surveying, construction, alteration, demolition, installation, painting or repair of buildings, structures and other works, and related activities for the Project, including geotechnical and exploratory drilling, and landscaping and temporary fencing that is within the craft jurisdiction of one of the Unions and which is directly or indirectly part of the Project, and including, without limitation to the following examples, pipelines (including those in linear corridors built to serve the project), pumps, pump stations, start-up, modular furniture installation, and on-site soils and material inspection and testing to be performed to complete the Project. On-site work includes work done for the Project in temporary yards or areas adjacent to the Project, and at any on-site or off-site batch plant constructed solely to supply materials to the Project. This scope of work includes all soils and materials testing and inspection where such testing and inspection is a classification in which a prevailing wage determination has been published.

2.3.1 This Agreement shall apply to any start-up, calibration, performance testing,

repair, maintenance, operational revisions to systems and/or subsystems performed after Completion unless it is performed by WETA employees or by a WETA contractor for service and maintenance operations.

2.3.2 This Agreement covers all on-site fabrication work over which WETA, Contractor(s) or subcontractor(s) possess the right of control (including work done for the Project in any temporary yard or area established for the Project.) Additionally, it is agreed hereby that this Agreement covers any off-site work, including fabrication work necessary for the Project defined herein that is covered by a current MLA or local addenda to a National Agreement of the applicable Union(s) that is in effect as of the execution date of this Agreement, to the fullest extent allowed by law.

2.3.3 The furnishing of supplies, equipment or materials which are stockpiled for later use shall in no case be considered subcontracting. Construction trucking work, such as the delivery of ready-mix, asphalt, aggregate, sand or other fill material which are directly incorporated into the construction process as well as the off-hauling of debris and excess fill material and/or mud, shall be covered by the terms and conditions of this Agreement, to the fullest extent allowed by law and by prevailing wage determinations of the California Department of Industrial Relations. Contractor/Employer(s), including brokers, of persons providing construction trucking work shall provide certified payroll records to WETA within ten (10) days of written request or as required by bid specifications.

2.4 Work covered by this Agreement within the following craft jurisdictions shall be performed under the terms of their National Agreements as follows: the NTL Articles of Agreement, the National Stack/Chimney Agreement, the National Cooling Tower Agreement, and the National Agreement of Elevator Constructors, and any instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Technicians, with the exception that Articles IV, XII and XIII of this Agreement shall apply to such work.

2.5 The on-site installation or application of all items shall be performed by the craft

having jurisdiction over such work. However, it is recognized that installation of specialty items which may be furnished by the general Contractor/Employer(s) shall be performed by construction persons employed under this Agreement who may be directed by other personnel in a supervisory role. Should a vendor insist that its own personnel must perform installation in order to protect the manufacturer warranty, WETA shall advise the Council and the WETA and the Council will meet and confer to find a resolution. Should WETA and the Council be unable to find a resolution, the vendor's claim shall be subject to the grievance arbitration procedure, in which case the vendor must show; that this requirement is consistent with the original equipment manufacturer or vendor's standard warranty agreement for such equipment and is consistent with industry practice in the geographic area regarding the particular material or equipment involved, and that the construction persons available for employment under this Agreement are not capable of performing the installation with or without further training; provided, however, that any additional training shall not affect critical path items on the Project. In such instances all other provisions of this Agreement shall apply.

**2.6 Exclusions**

- (1) The Agreement shall be limited to construction work on the Project.
- (2) The Agreement is not intended to, and shall not affect or govern the award of public works contracts by WETA which are not included in the Project.
- (3) The Agreement shall not apply to a Contractor/Employer's non-construction craft employees, including but not limited to executives, managerial employees, engineering employees and supervisors above the level of General Foreman (except those covered by existing MLAs), staff engineers or other professional engineers, administrative and management.
- (4) This Agreement shall not apply to any work performed on or near or leading to the site of work covered by this Agreement that is undertaken by state, county, city or other governmental bodies or their contractors; or by public or private utilities or their contractors.

(5) Except as otherwise permitted herein, the Agreement shall not apply to service contracts or operation, inspection, testing or maintenance contracts entered into by WETA, including any such contract relating to the Project or to other WETA owned or operated facilities or services after completion of the Project.

(6) The Agreement shall not apply to officers or employees of WETA or of State and local public agencies.

(7) The Agreement shall not apply to the work or persons or firms that perform consulting, planning, scheduling, design, environmental consulting, geological consulting, construction management, legal or similar professional consulting services related to the Project.

(8) The Agreement shall not apply to the furnishing of supplies, equipment or materials that are stockpiled for later use.

(9) The Agreement shall not apply to off-site maintenance of leased equipment and on-site supervision of such work.

2.7 Award of Contracts: It is understood and agreed that WETA shall have the absolute right to select any qualified bidder for the award of Construction Contracts under this Agreement. The bidder need only be willing, ready and able to execute and comply with this Agreement.

### **ARTICLE III**

#### **EFFECT OF AGREEMENT**

3.1 Notwithstanding anything to the contrary in this Agreement, the Agreement shall not become effective until it is approved and signed by: WETA and the Council. By executing the Agreement, all parties agree to be bound by each and every provision of the Agreement.

3.2 By accepting the award of a Construction Contract for the Project, whether as contractor or subcontractor, the Contractor/Employer agrees to be bound by each and every provision of the Agreement and agrees that it will evidence its acceptance prior to the commencement of work by executing the **Letter of Assent** in the form attached hereto as

**Addendum A.**

3.3 At the time that any Contractor/Employer enters into a subcontract with any subcontractor providing for the performance of a Construction Contract, the Contractor/Employer shall provide a copy of this Agreement to said subcontractor and shall require the subcontractor as a pre-condition of accepting an award of a construction subcontract to agree in writing to be bound by each and every provision of this Agreement prior to the commencement of work. The obligations of a contractor may not be evaded by subcontracting.

3.4 Each Contractor/Employer(s) shall give written notice to the Union(s) of any subcontract involving the performance of work covered by this Agreement within either seven (7) days of entering such subcontract or before such Contractor/Employer(s) commences work on the Project, whichever occurs first. Such notice shall specify the name, address and the California State License Board license number of the subcontractor(s). Written notice at a preconstruction conference, as described in Section 5.1 of the Agreement, shall be deemed written notice under this provision for those subcontractor(s) listed at the preconstruction conference only.

3.5 This Agreement shall only be binding on the signatory parties hereto and shall not apply to the parents, affiliates, subsidiaries, or other ventures of any such party. Each Contractor/Employer(s) shall alone be liable and responsible for its own individual acts and conduct and for any breach or alleged breach of this Agreement. Any dispute between the Union(s) and the Contractor/Employer(s) respecting compliance with the terms of the Agreement shall not affect the rights, liabilities, obligations and duties between the signatory Union(s) and other Contractor(s) party to this Agreement.

3.6 It is mutually agreed by the parties that any liability by a signatory Union to this Agreement shall be several and not joint. Any alleged breach of this Agreement by a signatory Union shall not affect the rights, liabilities, obligations and duties between the signatory Contractor(s) and the other Union(s) party to this Agreement.

3.7 The provisions of this Agreement, including MLAs, which are the local Master

Labor Agreements of the signatory Unions having jurisdiction over the work on the Project, shall apply to the work covered by this Agreement, notwithstanding the provisions of any other local, area and/or national agreements which may conflict with or differ from the terms of this Agreement. Where a subject covered by the provisions of this Agreement is also covered by a MLA, the provisions of this Agreement shall prevail. Where a subject is covered by the provisions of a MLA and is not covered by this Agreement, the provisions of the applicable MLA shall prevail.

3.8 It is understood that this Agreement constitutes a self-contained, stand-alone agreement and that, by virtue of having become bound to this Agreement, a Contractor/Employer will not be obligated to sign any local, area, or national collective bargaining agreement as a condition of performing work within the scope of this Agreement.

#### **ARTICLE IV**

##### **WORK STOPPAGES, STRIKES, SYMPATHY STRIKES AND LOCKOUTS**

4.1 The Unions, WETA and Contractor/Employers agree that for the duration of the Project:

(1) There shall be no strikes, sympathy strikes, work stoppages, picketing, handbilling or otherwise advising the public that a labor dispute exists, or slowdowns of any kind, for any reason, by the Unions or employees employed on the Project, at the Project site or any off-site facility of the Project covered by this agreement, or at any other facility of WETA because of a dispute on the Project. The Unions shall not sanction, aid or abet, encourage or continue any such prohibited activity at the job site of the Project, at any off-site facility covered by the Project under Article 2, or at any other facility of WETA because of a dispute on the Project, and shall take all reasonable means to prevent or terminate any such activity should it occur in violation of this prohibition. Nor shall the Unions or any employees employed on the Project participate in any strikes, sympathy strikes, work stoppages, picketing, handbilling, slowdowns, or otherwise advising the public that a labor dispute exists at the jobsite of the



Project because of a dispute between Unions and Contractor/Employer on any other project. Nothing stated in this Agreement shall prevent Unions from participating in the actions mentioned in this section on jobsites other than the Project jobsite because of disputes between the Unions and Contractor/Employers on projects other than the Project.

(2) Any employee who participates in or encourages any activity prohibited by paragraph (1) shall be subject to disciplinary action, up to and including discharge, in accordance with the applicable MLAs.

(3) As to employees employed on the Project, there shall be no lockout of any kind by a Contractor/Employer covered by the Agreement.

(4) If a MLA between a Contractor/Employer and the Union expires before the Contractor/Employer completes the performance of a Construction Contract for work covered under this Agreement and the Union or Contractor/Employer gives notice of demands for a new or modified MLA, the Union agrees that it will not strike the Contractor/Employer on said contract for work covered under this Agreement and the Union and the Contractor/Employer agree that the expired MLA shall continue in full force and effect for work covered under this Agreement until a new or modified MLA is reached between the Union and Contractor/Employer. If the new or modified MLA reached between the Union and Contractor/Employer provides that any terms of the MLA shall be retroactive, the Contractor/Employer agrees to comply with any retroactive terms of the new or modified MLA which is applicable to employees who perform work on the project during the hiatus period, within seven (7) days after the effective date of the new or modified MLA.

(5) The withholding of employees, but not picketing, for failure of a Contractor/Employer(s) to tender trust fund contributions as required in accordance with Article 9 and/or for failure to meet its weekly payroll is not a violation of this Article; provided, however, that in each instance said impacted Union(s) shall give the affected Contractor/Employer(s) and WETA written notice seventy-two (72) business hours prior to the withholding of employees when failure to tender trust fund contributions has occurred. There

shall be one (1) business days' notice when failure to meet weekly payroll has occurred or when paychecks are determined to be nonnegotiable by a financial institution normally recognized to honor such paychecks.

4.2 **Expedited Arbitration:** Any party to this Agreement shall institute the following procedure, prior to initiating any other action at law or equity, when a breach of this Article is alleged to have occurred:

(1) A party invoking this procedure shall notify Thomas Angelo, as the permanent arbitrator, or, Robert Hirsch, as the alternate arbitrator under this procedure. In the event that the permanent arbitrator is unavailable at any time, the alternate will be contacted. If neither is available, then a selection shall be made from the list of arbitrators in Section 12.2. Notice to the arbitrator shall be by the most expeditious means available, with notices by facsimile, telephone or email (with same day confirmation received by sender) to WETA and the party alleged to be in violation and to the Council and involved local Union if a Union is alleged to be in violation.

(2) Upon receipt of said notice, WETA will contact the designated arbitrator named above, or his alternate, who will attempt to convene a hearing within twenty-four (24) hours if it is contended that the violation still exists.

(3) The arbitrator shall notify the parties by facsimile, telephone, or email, with same day confirmation received by sender, of the place and time for the hearing. Said hearing shall be completed in one session, which, with appropriate recesses at the arbitrator's discretion, shall not exceed twenty-four (24) hours unless otherwise agreed upon by all parties. A failure of any party to attend said hearings shall not delay the hearing of evidence or the issuance of an award by the arbitrator.

(4) The sole issue at the hearing shall be whether or not a violation of Article IV, Section 4.1 of the Agreement has occurred. The arbitrator shall have no authority to consider any matter of justification, explanation or mitigation of such violation, which issue is reserved for court proceedings, if any. The award shall be issued in writing within three (3) hours after the

close of the hearing, and may be issued without a written opinion. If any party desires a written opinion, one shall be issued within fifteen (15) calendar days, but its issuance shall not delay compliance with or enforcement of the award.

(5) The arbitrator may order cessation of the violation of this Article and other appropriate relief and such award shall be served on all parties by hand or certified or registered mail upon issuance. A party found to have violated the provisions of the No Strike-No Lockout section in this Article 11 shall cease such violation within eight (8) hours of the award of the Arbitrator. Should the violation continue past eight (8) hours, the party in violation shall pay to the affected party as liquidated damages the sum of ten thousand dollars (\$10,000.00) per shift, or portion thereof, until such violation is ceased. The Arbitrator shall retain jurisdiction to resolve any disputes regarding the liquidated damages claimed under this section.

(6) Such award may be enforced by any court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to above in the following manner. Written notice of the filing of such enforcement proceedings shall be given to the other party. In the proceeding to obtain a temporary order enforcing the arbitrator's award as issued under Section 4.2(4) of this Article, all parties waive the right to a hearing and agree that such proceedings may be *ex parte*. Such agreement does not waive any party's right to participate in a hearing for a final order or enforcement. The court's order or orders enforcing the arbitrator's award shall be served on all parties by hand or delivered by certified mail.

(7) Any rights created by statute or law governing arbitration proceedings that are inconsistent with the above procedure, or which interfere with compliance with such procedures are waived by the parties to whom they accrue to the extent such rights are waivable under applicable law.

(8) The fees and expenses of the arbitrator shall be divided equally between the party instituting the arbitration proceedings provided in this Article and the party alleged to be in breach of its obligation under this Article.

**ARTICLE V**  
**PRE-JOB CONFERENCE**

5.1 A mandatory pre-job conference, to include a representative from each of the participating Contractor/Employer(s), applicable Unions and the Project Manager, will be held prior to the commencement of work to review the scope of work in each Contractor/Employer(s)' contract and assignment of such work. The pre-job conference shall be held at the offices of the Council unless otherwise agreed to by WETA and the Council. WETA and the Council may mutually agree to waive the requirement to hold a pre-job conference for any particular contract.

5.2 The Contractor(s) performing the work shall have the responsibility for making work assignments in accordance with Section 13.1 of this Agreement.

**ARTICLE VI**  
**NO DISCRIMINATION**

6.1 The Contractor/Employers and Unions agree to comply with all anti-discrimination provisions of federal, state and local law, to protect employees and applicants for employment, on the Project.

**ARTICLE VII**  
**UNION SECURITY**

7.1 The Contractor/Employers recognize the Union(s) as the sole bargaining representative of all craft employees working within the scope of this Agreement.

7.2 No employee covered by this Agreement shall be required to join any Union as a condition of being employed, or remaining employed, for work on a Construction Contract or the

Project. However, any employee who is a member of a Union, at the time he or she is referred by the Union for work on a Construction Contract pursuant to Article 8 hereof, shall maintain that membership in good standing while employed on such Construction Contract.

7.3 The Contractor/Employers shall require all employees who work on a Construction Contract on or before eight days of consecutive or cumulative employment on the Project to comply with the applicable Union's security provisions, and to maintain compliance for the period of time they are performing work on the Project, which requirement shall be satisfied by the tendering of periodic dues and fees uniformly required to the extent allowed by law.

7.4 Authorized representatives of the Unions shall have access to the Projects whenever work covered by this Agreement is being, has been, or will be performed on the Project, to the extent permitted by applicable law.

## **ARTICLE VIII**

### **REFERRAL**

8.1 The Contractor/Employers performing construction work on the Project described in the Agreement shall, in filling craft job requirements, utilize and be bound by the registration facilities and referral systems established or authorized by the Unions signatory hereto when such procedures are not in violation of applicable law. The Contractor/Employer(s) shall have the right to reject any applicant referred by the Union(s), in accordance with the applicable MLA.

8.2 The Contractor/Employer(s) shall have the unqualified right to select and hire directly all supervisors above the level of general foreman it considers necessary and desirable, without such persons being referred by the Union(s).

8.3 In the event that referral facilities maintained by the Union(s) are unable to fill the requisition of a Contractor/Employer for employees within a forty-eight (48) hour period (Saturdays, Sundays and Holidays excluded) after such requisition is made by the Contractor/Employer(s), the Contractor/Employer(s) shall be free to obtain workers from any

source. A Contractor who hires any personnel to perform covered work on the Project pursuant to this Section shall immediately provide the appropriate Union with the name and address of such employee(s) and shall immediately refer such employee(s) to the appropriate Union to satisfy the requirements of Article VII of this Agreement.

8.4 Unions will exert their utmost efforts to recruit sufficient numbers of skilled craft persons to fulfill the requirements of the Contractor/Employer(s).

## **ARTICLE IX**

### **BENEFITS**

9.1 All Contractor/Employers agree to pay contributions to the established vacation, pension and other form of deferred compensation plan, apprenticeship, and health benefit funds established by the applicable MLA for each hour worked on the Project in the amounts designated in the MLA of the appropriate local Unions. The Contractor/Employers shall not be required to pay contributions to any other trust funds that are not contained in the published prevailing wage determination to satisfy their obligation under this Article, except that those Contractor/Employers who are signatory to the MLA with the respective trades shall continue to pay all trust fund contributions as outlined in such MLA.

9.2 By signing this Agreement, the Contractor/Employers adopt and agree to be bound by the written terms of the legally established Trust Agreements, as described in Section 9.1, specifying the detailed basis on which payments are to be made into, and benefits paid out of, such Trust Funds. WETA shall not be liable for or required to make any contributions, deductions or payments to any such Trust Fund, nor shall WETA otherwise have any contractual, financial or other obligation in connection with any such Trust Agreement or Trust Fund.

9.3 Wages, Hours, Terms and Conditions of Employment: The wages, hours and other terms and conditions of employment on the Project shall be governed by the MLA of the respective crafts, copies of which shall be on file with WETA, to the extent such MLA is not

inconsistent with this Agreement.

9.4 Holidays: Holidays shall be established as set forth in the applicable MLA.

## **ARTICLE X**

### **JOINT ADMINISTRATIVE COMMITTEE**

10.1 The parties to this Agreement shall establish a six (6) person Joint Administrative Committee. This Committee shall be comprised of two (2) representatives selected by the WETA, two (2) representatives selected by the Union(s) and two (2) representatives selected by the general Contractor/Employer. Each representative shall designate an alternate who shall serve in his or her absence for any purpose contemplated by this Agreement. The Joint Administrative Committee shall meet as required to review the implementation of the Agreement and the progress of the Projects.

10.2 There shall also be established a Joint Administrative Subcommittee consisting of one WETA representative, to be selected by WETA, and one Union(s) representative, to be selected by the Unions, for the purpose of convening to confer in an attempt to resolve a grievance that has been filed consistent with Article 12. Any question regarding the meaning, interpretation, or application of the provisions of this Agreement shall be referred directly to the Joint Administrative Subcommittee for resolution. The Joint Administrative Subcommittee shall meet as required to resolve grievances by majority (unanimous) vote with such resolutions to be final and binding on all signatories of the Agreement. A failure of any party or parties to attend said hearing shall not delay the hearing of evidence or issuance of an award by the Joint Administrative Subcommittee, if such award is made by a majority (unanimous) vote, and the hearing shall proceed *ex parte*.

## **ARTICLE XI**

### **COMPLIANCE**

11.1 It shall be the responsibility of the Contractor/Employers and Unions to

investigate and monitor compliance with the provisions of the Agreement contained in Article IX. Nothing in this agreement shall be construed to interfere with or supersede the usual and customary legal remedies available to the Unions and/or employee benefit Trust Funds to collect delinquent Trust Fund contributions from Contractor/Employers on the Project. WETA shall monitor Contractor/Employer(s)' compliance with the prevailing wage requirements of the state.

## **ARTICLE XII**

### **GRIEVANCE ARBITRATION PROCEDURE**

12.1 Employee Grievances: All disputes involving discipline and/or discharge of employees working on the Project shall be resolved through the grievance and arbitration provision contained in the MLA for the craft of the affected employee. No employee working on the Project shall be disciplined or dismissed without just cause.

12.2 Project Labor Disputes: All Project labor disputes involving the application or interpretation of the MLA to which a signatory Contractor/Employer and a signatory Union are parties shall be resolved pursuant to the resolution procedures of the MLA. All disputes relating to the interpretation or application of this Agreement (with the exception of disputes subject to Articles IV and XIII) shall be subject to resolution by the Grievance arbitration procedures set forth in this Article.

No grievance shall be recognized unless the grieving party (Local Union or District Council, on its own behalf, or on behalf of an employee whom it represents, or a Contractor/Employer on its own behalf) provides notice in writing to the signatory party with whom it has a dispute within five (5) days after becoming aware of the dispute but in no event more than thirty (30) days after it reasonably should have become aware of the event giving rise to the dispute. The time limits in this Article may be extended by mutual written agreement of the parties.

Step 1 : A representative of the grievant and the party against whom the



grievance is filed shall meet and attempt to resolve the grievance.

Step 2: In the event the matter remains unresolved in Step 1 above, within five (5) working days, the grievance shall be reduced to writing and may then be referred to the other party for discussion and resolution.

Step 3: In the event that the representatives are unable to resolve the dispute within the five (5) working days after its referral to Step 2, either involved party may submit the dispute within five (5) working days to the Joint Administrative Subcommittee established in Section 10.2. The Joint Administrative Subcommittee shall meet within five (5) working days after such referral (or such longer time as is mutually agreed upon by the representatives on the Joint Administrative Subcommittee) to confer in an attempt to resolve the grievance. Regardless of which party has initiated the grievance proceeding, prior to the meeting of the Joint Administrative Subcommittee, the Union shall notify its International Union Representative(s), which shall advise both parties if it intends on participating in the meeting. The participation by the International Union Representative in this Step 3 meeting shall not delay the time set herein for the meeting, unless otherwise mutually agreed by the parties. A majority/unanimous decision by the Joint Administrative Subcommittee shall be final and binding. If the dispute is not resolved by the Joint Administrative Subcommittee, it may be referred within five (5) working days by either party to Step 4.

Step 4: In the event the matter remains unresolved in Step 3, either party may request, within five (5) working days, that the dispute be submitted to arbitration. The parties agree that the Arbitrator who will hear the grievance shall be selected from the following: Thomas Angelo, William Riker, Jeri-Lou Cossack, Barry Winograd and Robert Hirsch. The parties shall flip a coin to determine who shall strike the first name and shall then alternately strike names from the list and the last remaining name shall be the neutral third party Arbitrator who shall have the power to resolve the dispute in a final and binding manner. Should a party to the procedure fail or refuse to participate in the hearing, if the Arbitrator determines that proper notice of the hearing has been given, said hearing shall proceed to a

default award. The Arbitrator's award shall be final and binding on all parties to the arbitration. The costs of the arbitration, including the Arbitrator's fee and expenses, shall be borne equally by the parties. The Arbitrator's decision shall be confined to the question(s) posed by the grievance and the Arbitrator shall not have authority to modify amend, alter, add to, or subtract from, any provisions of this Agreement.

Time Limits: The time limits set out in this procedure may, upon mutual agreement, be extended. Any request for arbitration, request for extension of time limits, and agreement to extend such time limits shall be in writing. However, failure to process a grievance, or failure to respond in writing within the time limits provided above, without an agreed upon extension of time, shall be deemed a waiver of such grievance without prejudice, or without precedent to the processing of and/or resolution of like or similar grievances or disputes.

In order to encourage the resolution of disputes and grievances at Steps 1 and 2 of this Grievance Procedure, the parties agree that such settlements shall not be precedent setting.

### **ARTICLE XIII**

#### **WORK ASSIGNMENTS AND NORTHERN CALIFORNIA PLAN FOR THE SETTLEMENT OF JURISDICTIONAL DISPUTES:**

13.1 The assignment of covered work will be solely the responsibility of the Contractor/Employer performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of the Jurisdictional Disputes in the Construction Industry (the "Plan") or any successor Plan.

13.2 All jurisdictional disputes on this Project between or among the building and construction trades Unions and the Contractor/Employers parties to this Agreement, shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the Contractor/Employers and Unions parties to this Agreement.

13.3 For the convenience of the parties, and in recognition of the expense of travel between Northern California and Washington, DC, at the request of any party to a jurisdictional dispute under this Agreement an Arbitrator shall be chosen by the procedures specified in Article V, Section 5, of the Plan from a list composed of John Kagel, Thomas Angelo, Robert Hirsch, and Thomas Pagan, and the Arbitrator's hearing on the dispute shall be held at the offices of the [NAME OF] Building & Construction Trades Council. All other procedures shall be as specified in the Plan.

13.4 All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature, and the Contractor/Employer's assignment shall be adhered to until the dispute is resolved. Individual employees violating this section shall be subject to immediate discharge. Each Contractor/Employer will conduct a pre-job conference with the Council prior to commencing work, as described in Section 5.1. The Project Manager and WETA will be advised in advance of all such conferences and may participate if they wish. Pre-job conferences for different Contractor/Employers may be held together.

#### **ARTICLE XIV**

#### **APPRENTICES**

14.1 Recognizing the need to develop adequate numbers of competent workers in the construction industry, the Contractor/Employer(s) shall employ Apprentices from California State-approved Joint Apprenticeship Programs in the respective crafts to perform such work as is within their capabilities and which is customarily performed by the craft in which they are indentured.

14.2 The Apprentice ratios will be in compliance with the applicable provisions of the California Labor Code and Prevailing Wage Rate Determination.

14.3 There shall be no restrictions on the utilization of Apprentices in performing the work of their craft provided they are properly supervised.

**ARTICLE XV**

**MANAGEMENT RIGHTS**

15.1 The Contractor/Employer(s) shall retain full and, exclusive authority for the management of their operations, including the right to direct their work force in their sole discretion and to establish coordinated working hours and starting times, in accordance with the applicable MLAs. No rules, customs or practices shall be permitted or observed which limit or restrict production, or limit or restrict the working efforts of employees except that the lawful manning provisions in the applicable MLAs shall be recognized.

15.2 The Contractor/Employer(s) may use the most efficient methods or techniques of construction, tools, or other labor saving devices to accomplish Project work, in accordance with the applicable MLAs. There shall be no limit on production by workers or restrictions on the full use of tools or equipment, nor any restriction on efficient use of manpower other than as may be required by applicable safety regulations.

15.3 The Contractor/Employer(s) shall be the sole judge of the number of employees required to perform the work covered by this Agreement, and shall have the sole right to hire, promote, suspend, discharge, or layoff employees at their discretion and to reject any applicant for employment, in accordance with the applicable MLAs.

15.4 The Contractor/Employer(s) shall have the right to award subcontracts to the lowest responsive and responsible bidder or the most qualified/highest ranked firm, in accordance with the applicable MLA for the craft involved.

**ARTICLE XVI**

**HELMETS TO HARDHATS**

16.1 The Contractor/Employers and the Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Contractor/Employers and Unions agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment

(hereinafter “Center) and the Center’s “Helmets to Hardhats” program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the parties.

16.2 The Unions and Contractor/Employers agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on the Project and of apprenticeship and employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans for *bona fide*, provable past experience.

## **ARTICLE XVII**

### **SAFTETY PROTECTION OF PERSON AND PROPERTY**

17.1 Employees shall be bound by the reasonable safety, security and visitor rules established by the Contractor/Employer(s) and WETA. These rules will be published and posted in visible places throughout the work site. An employee’s failure to satisfy his/her obligations under this Section will subject him/her to discipline, including discharge consistent with the applicable MLA.

17.2 The use, sale, transfer, purchase and/or possession of a controlled substance, alcohol and/or firearms at any time during the work day is prohibited.

17.3 The Contractor/Employer(s) and Unions agree that the work site shall be a drug free workplace. Parties agree to recognize and use the Substance Abuse Program contained in each applicable Union’s MLA.

## **ARTICLE XVIII**

### **SAVINGS CLAUSE**

18.1 The parties agree that in the event any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void as being in contravention of any applicable law, including Presidential Executive Order, federal or state law, by a court of competent

jurisdiction, the remainder of the Agreement shall remain in full force and effect. The parties further agree that if any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void, by a court of competent jurisdiction, the parties shall substitute, by mutual agreement, in its place and stead, an article, provision, clause, sentence or word which will meet the objections to its validity and which will be in accordance with the intent and purpose of the article, provision, clause, sentence or work in question.

18.2 The parties also agree that in the event that a decision of a court of competent jurisdiction materially alters the terms of the Agreement such that the intent of the parties is defeated, then the entire Agreement shall be null and void.

18.3 If a court of competent jurisdiction determines that all or part of the Agreement is invalid and/or enjoins WETA from complying with all or part of its provisions and WETA accordingly determines that the Agreement will not be required as part of an award to a Contractor/Employer, the unions will no longer be bound by the provisions of Article IV.

18.4 In the event that WETA is made aware that this Agreement or portions thereof are inconsistent with the terms and conditions of any grant, loan, or contract with any Federal or State agency or with the instructions or directions of an authorized representative of a Federal or State agency regarding the requirements of any such grant, loan, or contract, WETA shall notify the Council. Within seven (7) days of notification, the parties shall meet and confer to attempt to modify the Agreement to avoid forfeiture of any funding or otherwise resolve the issue. Should the parties be unable to come to agreement, the Agreement or any inconsistent provision shall be subject to resolution by the grievance arbitration procedures set forth in Article XII. The foregoing notwithstanding, if the granting agency determines that the resolution of such grievance procedure will result in the forfeiture of material grant funds (meaning an amount that would threaten viability of the project) , then the Agreement may be modified or terminated in order to avoid the forfeiture.

## **ARTICLE XIX**

**TERM**

19.1 The Agreement shall be included in the Bid Documents as a condition of the award of construction contracts for the Project.

19.2 The Agreement shall continue in full force and effect until the completion of the Project.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION  
AUTHORITY

By \_\_\_\_\_ Date \_\_\_\_\_

[NAME OF] BUILDING & CONSTRUCTION  
TRADES COUNCIL

By \_\_\_\_\_ Date \_\_\_\_\_

**SIGNATURE BLOCKS**



**ADDENDUM A  
LETTER OF ASSENT**

[Date]

[Addressee]

[Address]

[City and State]

Re: WETA [NAME OF] Project  
Project Labor Agreement -- Letter of Assent

Dear Mr./Ms. \_\_\_\_\_:

The undersigned party confirms that it agrees and assents to comply with and to be bound by the WETA [NAME OF] Project, Project Labor Agreement as such Agreement may, from time to time, be amended by the parties or interpreted pursuant to its terms.

By executing this Letter of Assent, the undersigned party subscribes to, adopts and agrees to be bound by the written terms of the legally established trust agreements specifying the detailed basis upon which contributions are to be made into, and benefits made out of, such trust funds and ratifies and accepts the trustees appointed by the parties to such trust funds.

Such assent and obligation to comply with and to be bound by this Agreement shall extend to all work covered by said Agreement undertaken by the undersigned party on the WETA [NAME OF] Project. The undersigned party shall require all of its subcontractors, of whatever tier, to become similarly bound for all their work within the scope of this Agreement by signing an identical Letter of Assent.

This letter shall constitute a subscription agreement, to the extent of the terms of the letter.

CONTRACTOR/SUBCONTRACTOR: \_\_\_\_\_

California State License Number: \_\_\_\_\_

Name and Signature of  
Authorized Person:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Telephone Number)

**ADDENDUM B**  
**LIST OF MASTER COLLECTIVE BARGAINING AGREEMENTS**

**MEMORANDUM**

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**TO: Board Members**

**FROM: Nina Rannells, Executive Director**

**SUBJECT: Approve a Project Labor Agreement for the North Bay Operations and Maintenance Facility Project**

**Recommendation**

Approve a Project Labor Agreement for waterside construction of the North Bay Operations and Maintenance Facility project.

**Background**

Project Labor Agreements (PLA) are a form of pre-hire agreement that is most often utilized on larger, long-term construction projects requiring multiple contractors or subcontractors who employ workers in multiple crafts or trades. These agreements, which are negotiated between a construction project owner and the local building and trades labor unions, are developed and utilized to promote efficiency of construction operations. They are contractually binding and become a part of the bid specification that all winning contractors must follow. Once put into place, a PLA remains in effect for the duration of project construction.

In Spring 2013, staff worked with the Napa-Solano Building & Construction Trades Council with the goal of developing a Project Labor Agreement for use on the North Bay Operations and Maintenance Facility Project. Due to timing constraints associated with funding for this project, the parties were unable to come to agreement on final PLA language in time to utilize a PLA for the landside component of this two-phased construction project. In July 2013, the Board directed staff to continue work towards developing a PLA for the waterside construction component of this project and to develop model project labor agreement language for the agency that could be used to facilitate development of future agreements for up-coming large construction projects such as the Central Bay Maintenance Facility and the Downtown San Francisco Ferry Berthing Expansion projects.

**Discussion**

Over the past several months staff has worked with Ben Espinoza from the Napa-Solano Building & Construction Trades Council to develop a project-specific PLA for use in the waterside construction component of the North Bay Operations and Maintenance Facility project. The PLA developed and recommended for Board approval, and provided as **Attachment 1** to this report, has been developed with the public interest of promoting labor harmony and project efficiency on this large construction project. In support of these goals, the proposed PLA:

- Provides for uniformity in bidding work by identifying pre-established wages, work rules, and benefits for the multiple crafts employed on a project;
- Requires a pre-job conference with all affected parties to review and clarify the work assignments up-front in order to avoid conflicts during construction;
- Identifies roles, responsibilities and procedures for addressing work disputes that may arise during construction in a timely and expeditious manner;

- Prohibits work stoppages, strikes and lockouts at the project construction site(s) and identifies a process for expedited arbitration and resolution in the event of a breach of this provision; and
- Identifies various mechanisms for labor and management cooperation on matters of mutual interest and concern such as productivity, quality of work, safety and health.

This PLA includes the following two additional provisions not included in the Model PLA:

- A Core Employee provision, identifying a process for contractors to utilize their own core workforce on the project; and
- A payment retention provision is included as an optional part of the dispute resolution process in order to facilitate expeditious closure of issues and minimize project disruption.

This agreement recognizes the Council's unions as the primary source of craft labor employed on the project. However, in the event that a contractor/employer has its own core workforce, the agreement allows for a limited number of "core employees" to be utilized on the project through a prescribed process. This and several other management rights provisions contained in the agreement are included to promote project work and cost efficiencies and to help ensure fair and open competition to all potential bidders.

If approved by the Board, the agreement would be between the Authority and the Council, and its signatory unions, for covered construction work to be performed by any of these groups on the project. The winning project construction contractor/employer, and any sub-contractors, would be required to comply with and be bound by the agreement through a Letter of Assent.

**Fiscal Impact**

There is no fiscal impact associated with this item.

\*\*\*END\*\*\*

**PROJECT LABOR AGREEMENT  
FOR CONSTRUCTION OF THE SAN FRANCISCO BAY AREA WATER  
EMERGENCY TRANSPORTATION AUTHORITY NORTH BAY OPERATIONS AND  
MAINTENANCE FACILITY PROJECT**

This Agreement is entered into this \_\_\_\_ day of \_\_\_\_\_, 2013 by and between the San Francisco Bay Area Water Emergency Transportation Authority (hereinafter, the "WETA" or "Owner"), together with contractors and/or subcontractors, who become signatory to this Agreement by signing the "Letter of Assent" (Addendum A) (all of whom are referred to herein as "Contractors/Employers"), and the Napa-Solano Building & Construction Trades Council ("Council") and its affiliated local Unions that have executed this Agreement (all of whom are referred to collectively as "Union" or "Unions").

The purpose of this Agreement is to promote efficiency of construction operations during construction of the WETA North Bay Operations and Maintenance Facility Project (defined below) by providing for the orderly and peaceful settlement of labor disputes and grievances without strikes, work stoppages or lockouts, thereby promoting the public interest in assuring the timely and economical completion of the Project.

WHEREAS, WETA is developing a new ferry operations and maintenance facility located at Building 165 on Mare Island in Vallejo to moor and maintain vessels utilized in WETA services and provide passenger access to Mare Island; and

WHEREAS, this Agreement is intended solely for the Waterside Construction phase of the North Bay Operations and Maintenance Facility, which includes modifying and relocating the existing service float, constructing and installing new berths and gangways, and constructing associated infrastructure (the "Project"); and

WHEREAS, the timely and successful completion of the Project is of the utmost importance to WETA and the general public; and

WHEREAS, large numbers of workers of various skills will be required in the

performance of the construction work, including those to be represented by the Unions signatory to this Agreement employed by contractors and subcontractors who are also signatories to this Agreement; and

WHEREAS, it is recognized that on a project of this magnitude with multiple contractors and bargaining units on the job site at the same time over an extended period of time, there is the potential for work disruption that could negatively impact the continuity of work and the Project schedule; and

WHEREAS, the interests of the general public, WETA, the Unions and Contractor/Employer(s) would be best served if the construction work proceeded in an orderly manner without disruption because of strikes, sympathy strikes, work stoppages, picketing, lockouts, slowdowns or other interferences with work; and

WHEREAS, WETA, the Contractor/Employer(s) and the Unions desire to mutually establish and stabilize wages, hours and working conditions for the workers employed on the Project by the Contractor/Employer(s), and further, to encourage close cooperation among the Contractor/Employer(s) and the Union(s) so that a satisfactory, continuous and harmonious relationship will exist among the parties to this Agreement; and

WHEREAS, the parties agree that one of the primary purposes of this Agreement is to avoid the tensions that might arise on the Project if Union and non-union workers of different employers were to work side by side on the Project thereby leading to labor disputes that could delay completion of the Project; and

WHEREAS, this Agreement is not intended to replace, interfere with, abrogate, diminish or modify existing local or national collective bargaining agreements in effect during the duration of the Project, insofar as a legally binding agreement exists between the Contractor/Employer(s) and the affected Union(s) except to the extent that the provisions of this Agreement are inconsistent with said collective bargaining agreements, in which event, the provisions of this Agreement shall prevail; and

WHEREAS, the parties hereto are committed to constructing the Project safely and

efficiently and the Unions are committed to staffing Project work with qualified craft workers; and

WHEREAS, the Project is funded with various grant funds and, as such, is subject to and must comply with a variety of local, regional, state and federal regulations imposed as a result of such funding sources; and

WHEREAS, this Agreement will be an exhibit to the contract for construction of the Project to be awarded by WETA in accordance with applicable provisions of the California Public Contract Code, Federal, State and local regulations, ordinances and laws; and

WHEREAS, WETA has the absolute right to select as its prime contractor the entity offering the best value to WETA; and

WHEREAS, the parties to this Agreement pledge their full good faith and trust to work towards a mutually satisfactory completion of the Project;

NOW, THEREFORE, IT IS AGREED BETWEEN AND AMONG THE PARTIES HERETO, AS FOLLOWS:

## **ARTICLE I**

### **DEFINITIONS**

1.1 "Agreement" means this Project Labor Agreement.

1.2 "Apprentice" means an individual registered and participating as an apprentice in a Joint Labor/Management Apprenticeship Program approved by the State of California, Department of Industrial Relations, Division of Apprenticeship Standards.

1.3 "Construction Contract" means the public works or improvement contract(s) awarded by WETA for Waterside Construction of the North Bay Operations and Maintenance Facility Project construction after execution of this Agreement that are necessary to complete the Project, including subcontracts at any tier, with respect to the Project work.

1.4 "Contractor/Employer(s)" means any individual, firm, partnership or corporation, or combination thereof, including joint ventures, that is an independent business enterprise and

enters into a contract with WETA or its Project Manager or any of its contractors or subcontractors at any tier, with respect to the construction of any part of the Project under contract terms and conditions approved by WETA and which incorporate this Agreement.

1.5 "Core Employee" means an employee who meets the requirements set forth in Section 8.3.

1.6 "Council" means the Napa-Solano Building & Construction Trades Council and its affiliated local Unions.

1.7 "Letter of Assent" means the document, as set forth in Addendum A hereto, that formally binds the Contractor/Employer(s) to comply with all the terms and conditions of this Agreement and that operates as a pre-condition to performing work on the Project.

1.8 "Master Labor Agreement" or "MLA" means the Master Collective Bargaining Agreement of each craft Union signatory hereto, as listed in Addendum B, and a copy of which shall be submitted to WETA by the Council with its executed copy of this Agreement and retained on file with WETA for the duration of the project.

1.9 "Project" means the public work or improvement for the Waterside Construction phase of the North Bay Operations and Maintenance Project in Vallejo, California. WETA and the Council may mutually agree in writing to add additional components to the scope of work of the Project covered under this PLA.

1.10 "Project Manager" means the person(s) or business entity(ies) designated by WETA to oversee all phases of construction on the Project and to oversee the implementation of this Agreement and who works under the guidance of WETA's Authorized Representative.

1.11 "Trust Agreement" means an agreement for an established vacation, pension or other form of deferred compensation plan, apprenticeship and health benefit funds established by an applicable Master Labor Agreement as set forth in Section 9.1.

1.12 "Union" or "Unions" means the Napa-Solano Building & Construction Trades Council, AFL-CIO, ("the Council") and any affiliated labor organization signatory to this Agreement, acting in their own behalf and on behalf of their respective affiliates and member



organizations whose names are subscribed hereto and who have through their officers executed this Agreement ("Signatory Unions").

1.13 "WETA" or "Owner" means the San Francisco Bay Area Water Emergency Transportation Authority and its public employees, including managerial personnel.

## **ARTICLE II**

### **SCOPE OF AGREEMENT**

2.1 Parties: The Agreement shall apply to and is limited to all Contractors/Employer(s) performing Construction Contracts (including subcontracts at any tier on the Project) who must execute a Letter of Assent, WETA, the Council and the Unions signatory to this Agreement, acting on their own behalf and on behalf of their respective affiliates and member organizations whose names are subscribed hereto and who have through their officers executed this Agreement ("Signatory Unions").

2.2 Project Description: The Agreement shall govern all Construction Contracts for the Project, as defined in Article 1 above. Once a Construction Contract is completed, it is no longer covered by this Agreement. For the purposes of this Agreement, a Construction Contract shall be considered completed upon the filing of a Notice of Completion, or as otherwise provided by applicable State law.

2.3 Covered Work: This Agreement covers, without limitation, all on-site site preparation, surveying, construction, alteration, demolition, installation, painting or repair of buildings, structures and other works, and related activities for the Project, including geotechnical and exploratory drilling, and landscaping and temporary fencing that is within the craft jurisdiction of one of the Unions and which is directly or indirectly part of the Project, and including, without limitation to the following examples, pipelines (including those in linear corridors built to serve the project), pumps, pump stations, start-up, modular furniture installation, and on-site soils and material inspection and testing to be performed to complete the Project. On-site work includes work done for the Project in temporary yards or areas adjacent to

the Project, and at any on-site or off-site batch plant constructed solely to supply materials to the Project. This scope of work includes all soils and materials testing and inspection where such testing and inspection is a classification in which a prevailing wage determination has been published.

2.3.1 This Agreement shall apply to any start-up, calibration, performance testing, repair, maintenance, operational revisions to systems and/or subsystems performed after Completion unless it is performed by WETA employees or by a WETA contractor for service and maintenance operations.

2.3.2 This Agreement covers all on-site fabrication work over which WETA, Contractor(s) or subcontractor(s) possess the right of control (including work done for the Project in any temporary yard or area established for the Project.) Additionally, it is agreed hereby that this Agreement covers any off-site work, including fabrication work necessary for the Project defined herein that is covered by a current MLA or local addenda to a National Agreement of the applicable Union(s) that is in effect as of the execution date of this Agreement, to the fullest extent allowed by law.

2.3.3 The furnishing of supplies, equipment or materials which are stockpiled for later use shall in no case be considered subcontracting. Construction trucking work, such as the delivery of ready-mix, asphalt, aggregate, sand or other fill material which are directly incorporated into the construction process as well as the off-hauling of debris and excess fill material and/or mud, shall be covered by the terms and conditions of this Agreement, to the fullest extent allowed by law and by prevailing wage determinations of the California Department of Industrial Relations. Contractor/Employer(s), including brokers, of persons providing construction trucking work shall provide certified payroll records to WETA within ten (10) days of written request or as required by bid specifications.

2.4 Work covered by this Agreement within the following craft jurisdictions shall be performed under the terms of their National Agreements as follows: the NTL Articles of Agreement, the National Stack/Chimney Agreement, the National Cooling Tower Agreement,

and the National Agreement of Elevator Constructors, and any instrument calibration work and loop checking shall be performed under the terms of the UA/IBEW Joint National Agreement for Instrument and Control Technicians, with the exception that Articles IV, XII and XIII of this Agreement shall apply to such work.

2.5 The on-site installation or application of all items shall be performed by the craft having jurisdiction over such work. However, it is recognized that installation of specialty items which may be furnished by the general Contractor/Employer(s) shall be performed by construction persons employed under this Agreement who may be directed by other personnel in a supervisory role. Should a vendor insist that its own personnel must perform installation in order to protect the manufacturer warranty, WETA shall advise the Council and the WETA and the Council will meet and confer to find a resolution. Should WETA and the Council be unable to find a resolution, the vendor's claim shall be subject to the grievance arbitration procedure, in which case the vendor must show; that this requirement is consistent with the original equipment manufacturer or vendor's standard warranty agreement for such equipment and is consistent with industry practice in the geographic area regarding the particular material or equipment involved, and that the construction persons available for employment under this Agreement are not capable of performing the installation with or without further training; provided, however, that any additional training shall not affect critical path items on the Project. In such instances all other provisions of this Agreement shall apply.

2.6 Exclusions

- (1) The Agreement shall be limited to construction work on the Project.
- (2) The Agreement is not intended to, and shall not affect or govern the award of public works contracts by WETA which are not included in the Project.
- (3) The Agreement shall not apply to a Contractor/Employer's non-construction craft employees, including but not limited to executives, managerial employees, engineering employees and supervisors above the level of General Foreman (except those covered by existing MLAs), staff engineers or other professional engineers, administrative

and management.

(4) This Agreement shall not apply to any work performed on or near or leading to the site of work covered by this Agreement that is undertaken by state, county, city or other governmental bodies or their contractors; or by public or private utilities or their contractors.

(5) Except as otherwise permitted herein, the Agreement shall not apply to service contracts or operation, inspection, testing or maintenance contracts entered into by WETA, including any such contract relating to the Project or to other WETA owned or operated facilities or services after completion of the Project.

(6) The Agreement shall not apply to officers or employees of WETA or of State and local public agencies.

(7) The Agreement shall not apply to the work or persons or firms that perform consulting, planning, scheduling, design, environmental consulting, geological consulting, construction management, legal or similar professional consulting services related to the Project.

(8) The Agreement shall not apply to the furnishing of supplies, equipment or materials that are stockpiled for later use.

(9) The Agreement shall not apply to off-site maintenance of leased equipment and on-site supervision of such work.

2.7 Award of Contracts: It is understood and agreed that WETA shall have the absolute right to select any qualified bidder for the award of Construction Contracts under this Agreement. The bidder need only be willing, ready and able to execute and comply with this Agreement.

### **ARTICLE III**

#### **EFFECT OF AGREEMENT**

3.1 Notwithstanding anything to the contrary in this Agreement, the Agreement shall not become effective until it is approved and signed by: WETA and the Council. By executing

the Agreement, all parties agree to be bound by each and every provision of the Agreement.

3.2 By accepting the award of a Construction Contract for the Project, whether as contractor or subcontractor, the Contractor/Employer agrees to be bound by each and every provision of the Agreement and agrees that it will evidence its acceptance prior to the commencement of work by executing the **Letter of Assent** in the form attached hereto as **Addendum A**.

3.3 At the time that any Contractor/Employer enters into a subcontract with any subcontractor providing for the performance of a Construction Contract, the Contractor/Employer shall provide a copy of this Agreement to said subcontractor and shall require the subcontractor as a pre-condition of accepting an award of a construction subcontract to agree in writing to be bound by each and every provision of this Agreement prior to the commencement of work. The obligations of a contractor may not be evaded by subcontracting.

3.4 Each Contractor/Employer(s) shall give written notice to the Union(s) of any subcontract involving the performance of work covered by this Agreement within either seven (7) days of entering such subcontract or before such Contractor/Employer(s) commences work on the Project, whichever occurs first. Such notice shall specify the name, address and the California State License Board license number of the subcontractor(s). Written notice at a preconstruction conference, as described in Section 5.1 of the Agreement, shall be deemed written notice under this provision for those subcontractor(s) listed at the preconstruction conference only.

3.5 This Agreement shall only be binding on the signatory parties hereto and shall not apply to the parents, affiliates, subsidiaries, or other ventures of any such party. Each Contractor/Employer(s) shall alone be liable and responsible for its own individual acts and conduct and for any breach or alleged breach of this Agreement. Any dispute between the Union(s) and the Contractor/Employer(s) respecting compliance with the terms of the Agreement shall not affect the rights, liabilities, obligations and duties between the signatory Union(s) and other Contractor(s) party to this Agreement.

3.6 It is mutually agreed by the parties that any liability by a signatory Union to this Agreement shall be several and not joint. Any alleged breach of this Agreement by a signatory Union shall not affect the rights, liabilities, obligations and duties between the signatory Contractor(s) and the other Union(s) party to this Agreement.

3.7 The provisions of this Agreement, including MLAs, which are the local Master Labor Agreements of the signatory Unions having jurisdiction over the work on the Project, shall apply to the work covered by this Agreement, notwithstanding the provisions of any other local, area and/or national agreements which may conflict with or differ from the terms of this Agreement. Where a subject covered by the provisions of this Agreement is also covered by a MLA, the provisions of this Agreement shall prevail. Where a subject is covered by the provisions of a MLA and is not covered by this Agreement, the provisions of the applicable MLA shall prevail.

3.8 It is understood that this Agreement constitutes a self-contained, stand-alone agreement and that, by virtue of having become bound to this Agreement, a Contractor/Employer will not be obligated to sign any local, area, or national collective bargaining agreement as a condition of performing work within the scope of this Agreement.

#### **ARTICLE IV**

##### **WORK STOPPAGES, STRIKES, SYMPATHY STRIKES AND LOCKOUTS**

4.1 The Unions, WETA and Contractor/Employers agree that for the duration of the Project:

(1) There shall be no strikes, sympathy strikes, work stoppages, picketing, handbilling or otherwise advising the public that a labor dispute exists, or slowdowns of any kind, for any reason, by the Unions or employees employed on the Project, at the Project site or any off-site facility of the Project covered by this agreement, or at any other facility of WETA because of a dispute on the Project. The Unions shall not sanction, aid or abet, encourage or continue any such prohibited activity at the job site of the Project, at any off-site facility covered

by the Project under Article 2, or at any other facility of WETA because of a dispute on the Project, and shall take all reasonable means to prevent or terminate any such activity should it occur in violation of this prohibition. Nor shall the Unions or any employees employed on the Project participate in any strikes, sympathy strikes, work stoppages, picketing, handbilling, slowdowns, or otherwise advising the public that a labor dispute exists at the jobsite of the Project because of a dispute between Unions and Contractor/Employer on any other project. Nothing stated in this Agreement shall prevent Unions from participating in the actions mentioned in this section on jobsites other than the Project jobsite because of disputes between the Unions and Contractor/Employers on projects other than the Project.

(2) Any employee who participates in or encourages any activity prohibited by paragraph (1) shall be subject to disciplinary action, up to and including discharge, in accordance with the applicable MLAs.

(3) As to employees employed on the Project, there shall be no lockout of any kind by a Contractor/Employer covered by the Agreement.

(4) If a MLA between a Contractor/Employer and the Union expires before the Contractor/Employer completes the performance of a Construction Contract for work covered under this Agreement and the Union or Contractor/Employer gives notice of demands for a new or modified MLA, the Union agrees that it will not strike the Contractor/Employer on said contract for work covered under this Agreement and the Union and the Contractor/Employer agree that the expired MLA shall continue in full force and effect for work covered under this Agreement until a new or modified MLA is reached between the Union and Contractor/Employer. If the new or modified MLA reached between the Union and Contractor/Employer provides that any terms of the MLA shall be retroactive, the Contractor/Employer agrees to comply with any retroactive terms of the new or modified MLA which is applicable to employees who perform work on the project during the hiatus period, within seven (7) days after the effective date of the new or modified MLA.

(5) The withholding of employees, but not picketing, for failure of a

Contractor/Employer(s) to tender trust fund contributions as required in accordance with Article 9 and/or for failure to meet its weekly payroll is not a violation of this Article; provided, however, that in each instance said impacted Union(s) shall give the affected Contractor/Employer(s) and WETA written notice seventy-two (72) business hours prior to the withholding of employees when failure to tender trust fund contributions has occurred. There shall be one (1) business days' notice when failure to meet weekly payroll has occurred or when paychecks are determined to be nonnegotiable by a financial institution normally recognized to honor such paychecks.

4.2 **Expedited Arbitration:** Any party to this Agreement shall institute the following procedure, prior to initiating any other action at law or equity, when a breach of this Article is alleged to have occurred:

(1) A party invoking this procedure shall notify Thomas Angelo, as the permanent arbitrator, or, Robert Hirsch, as the alternate arbitrator under this procedure. In the event that the permanent arbitrator is unavailable at any time, the alternate will be contacted. If neither is available, then a selection shall be made from the list of arbitrators in Section 12.2. Notice to the arbitrator shall be by the most expeditious means available, with notices by facsimile, telephone or email (with same day confirmation received by sender) to WETA and the party alleged to be in violation and to the Council and involved local Union if a Union is alleged to be in violation.

(2) Upon receipt of said notice, WETA will contact the designated arbitrator named above, or his alternate, who will attempt to convene a hearing within twenty-four (24) hours if it is contended that the violation still exists.

(3) The arbitrator shall notify the parties by facsimile, telephone, or email, with same day confirmation received by sender, of the place and time for the hearing. Said hearing shall be completed in one session, which, with appropriate recesses at the arbitrator's discretion, shall not exceed twenty-four (24) hours unless otherwise agreed upon by all parties. A failure of any party to attend said hearings shall not delay the hearing of evidence or the issuance



of an award by the arbitrator.

(4) The sole issue at the hearing shall be whether or not a violation of Article IV, Section 4.1 of the Agreement has occurred. The arbitrator shall have no authority to consider any matter of justification, explanation or mitigation of such violation, which issue is reserved for court proceedings, if any. The award shall be issued in writing within three (3) hours after the close of the hearing, and may be issued without a written opinion. If any party desires a written opinion, one shall be issued within fifteen (15) calendar days, but its issuance shall not delay compliance with or enforcement of the award.

(5) The arbitrator may order cessation of the violation of this Article and other appropriate relief and such award shall be served on all parties by hand or certified or registered mail upon issuance. A party found to have violated the provisions of the No Strike-No Lockout section in this Article 11 shall cease such violation within eight (8) hours of the award of the Arbitrator. Should the violation continue past eight (8) hours, the party in violation shall pay to the affected party as liquidated damages the sum of ten thousand dollars (\$10,000.00) per shift, or portion thereof, until such violation is ceased. The Arbitrator shall retain jurisdiction to resolve any disputes regarding the liquidated damages claimed under this section.

(6) Such award may be enforced by any court of competent jurisdiction upon the filing of this Agreement and all other relevant documents referred to above in the following manner. Written notice of the filing of such enforcement proceedings shall be given to the other party. In the proceeding to obtain a temporary order enforcing the arbitrator's award as issued under Section 4.2(4) of this Article, all parties waive the right to a hearing and agree that such proceedings may be *ex parte*. Such agreement does not waive any party's right to participate in a hearing for a final order or enforcement. The court's order or orders enforcing the arbitrator's award shall be served on all parties by hand or delivered by certified mail.

(7) Any rights created by statute or law governing arbitration proceedings that are inconsistent with the above procedure, or which interfere with compliance with such procedures are waived by the parties to whom they accrue to the extent such rights are waivable

under applicable law.

(8) The fees and expenses of the arbitrator shall be divided equally between the party instituting the arbitration proceedings provided in this Article and the party alleged to be in breach of its obligation under this Article.

## **ARTICLE V**

### **PRE-JOB CONFERENCE**

5.1 A mandatory pre-job conference, to include a representative from each of the participating Contractor/Employer(s), applicable Unions and the Project Manager, will be held prior to the commencement of work to review the scope of work in each Contractor/Employer(s)' contract and assignment of such work. The pre-job conference shall be held at the offices of the Council unless otherwise agreed to by WETA and the Council. WETA and the Council may mutually agree to waive the requirement to hold a pre-job conference for any particular contract.

5.2 The Contractor(s) performing the work shall have the responsibility for making work assignments in accordance with Section 13.1 of this Agreement.

## **ARTICLE VI**

### **NO DISCRIMINATION**

6.1 The Contractor/Employers and Unions agree to comply with all anti-discrimination provisions of federal, state and local law, to protect employees and applicants for employment, on the Project.

**ARTICLE VII**

**UNION SECURITY**

7.1 The Contractor/Employers recognize the Union(s) as the sole bargaining representative of all craft employees working within the scope of this Agreement.

7.2 No employee covered by this Agreement shall be required to join any Union as a condition of being employed, or remaining employed, for work on a Construction Contract or the Project. However, any employee who is a member of a Union, at the time he or she is referred by the Union for work on a Construction Contract pursuant to Article 8 hereof, shall maintain that membership in good standing while employed on such Construction Contract.

7.3 The Contractor/Employers shall require all employees who work on a Construction Contract on or before eight days of consecutive or cumulative employment on the Project to comply with the applicable Union's security provisions, and to maintain compliance for the period of time they are performing work on the Project, which requirement shall be satisfied by the tendering of periodic dues and fees uniformly required to the extent allowed by law.

7.4 Authorized representatives of the Unions shall have access to the Projects whenever work covered by this Agreement is being, has been, or will be performed on the Project, to the extent permitted by applicable law.

**ARTICLE VIII**

**REFERRAL**

8.1 The Contractor/Employers performing construction work on the Project described in the Agreement shall, in filling craft job requirements, utilize and be bound by the registration facilities and referral systems established or authorized by the Unions signatory hereto when such procedures are not in violation of applicable law. The Contractor/Employer(s) shall have the right to reject any applicant referred by the Union(s), in accordance with the applicable MLA.

8.2 The Contractor/Employer(s) shall have the unqualified right to select and hire

directly all supervisors above the level of general foreman it considers necessary and desirable, without such persons being referred by the Union(s).

8.3 The Union(s) shall be the sole source of all craft labor employed on the Project. However, in the event that a Contractor/Employer(s) has its own core workforce, the Contractor/Employer may request by name, and the Union shall honor, referral of persons who have applied to the local Union for Project work and who demonstrate the following qualifications (“Core Employees”):

- a) Possess any license and/or certifications required by state or federal law for the Project work to be performed;
- b) Have worked a total of at least two thousand (2000) hours in the construction craft during the prior two (2) years;
- c) Were on the Contractor/Employer's active payroll for at least the sixty (60) consecutive calendar business days prior to the contract award;
- d) Have the ability to perform safely the basic functions of the applicable trade; and
- e) Live in Napa or Solano County.

8.3.1 The Union will refer to such Contractor/Employer two journeyman employees from the hiring hall out-of-work list for the affected trade or craft, and will then refer one of such Contractor/Employer's Core Employees as a journeyman and shall repeat the process, one and one, until such Contractor/Employer's crew requirements are met or until Contractor/Employer has hired five (5) Core Employees, whichever occurs first. Thereafter, all additional employees in the affected trade or craft shall be hired exclusively from the hiring hall out-of-work list(s).

8.3.2 For the duration of the Contractor/Employer's work the ratio shall be maintained and when the Contractor/Employer's workforce is reduced, employees shall be reduced in reverse order and in the same ratio of core employees to hiring hall referrals as was applied in the initial hiring.

8.3.3 Contractor/Employer's signatory to a Local, Regional, and/or National collective bargaining agreements with Union(s) signatory hereto shall be bound to use the hiring hall

provisions contained in the MLA of the affected Union(s), and nothing in the referral provisions of this Agreement shall be construed to supersede the local hiring hall provisions of the Master Agreement(s) as they relate to such contractors.

8.4 In the event that referral facilities maintained by the Union(s) are unable to fill the requisition of a Contractor/Employer for employees within a forty-eight (48) hour period (Saturdays, Sundays and Holidays excluded) after such requisition is made by the Contractor/Employer(s), the Contractor/Employer(s) shall be free to obtain workers from any source. A Contractor who hires any personnel to perform covered work on the Project pursuant to this Section shall immediately provide the appropriate Union with the name and address of such employee(s) and shall immediately refer such employee(s) to the appropriate Union to satisfy the requirements of Article VII of this Agreement.

8.5 Unions will exert their utmost efforts to recruit sufficient numbers of skilled craft persons to fulfill the requirements of the Contractor/Employer(s).

## **ARTICLE IX**

### **BENEFITS**

9.1 All Contractor/Employers agree to pay contributions to the established vacation, pension and other form of deferred compensation plan, apprenticeship, and health benefit funds established by the applicable MLA for each hour worked on the Project in the amounts designated in the MLA of the appropriate local Unions. The Contractor/Employers shall not be required to pay contributions to any other trust funds that are not contained in the published prevailing wage determination to satisfy their obligation under this Article, except that those Contractor/Employers who are signatory to the MLA with the respective trades shall continue to pay all trust fund contributions as outlined in such MLA.

9.2 By signing this Agreement, the Contractor/Employers adopt and agree to be bound by the written terms of the legally established Trust Agreements, as described in Section 9.1, specifying the detailed basis on which payments are to be made into, and benefits paid out

of, such Trust Funds. WETA shall not be liable for or required to make any contributions, deductions or payments to any such Trust Fund, nor shall WETA otherwise have any contractual, financial or other obligation in connection with any such Trust Agreement or Trust Fund.

9.3 Wages, Hours, Terms and Conditions of Employment: The wages, hours and other terms and conditions of employment on the Project shall be governed by the MLA of the respective crafts, copies of which shall be on file with WETA, to the extent such MLA is not inconsistent with this Agreement.

9.4 Holidays: Holidays shall be established as set forth in the applicable MLA.

## **ARTICLE X**

### **JOINT ADMINISTRATIVE COMMITTEE**

10.1 The parties to this Agreement shall establish a six (6) person Joint Administrative Committee. This Committee shall be comprised of two (2) representatives selected by the WETA, two (2) representatives selected by the Union(s) and two (2) representatives selected by the general Contractor/Employer. Each representative shall designate an alternate who shall serve in his or her absence for any purpose contemplated by this Agreement. The Joint Administrative Committee shall meet as required to review the implementation of the Agreement and the progress of the Projects.

10.2 There shall also be established a Joint Administrative Subcommittee consisting of one WETA representative, to be selected by WETA, and one Union(s) representative, to be selected by the Unions, for the purpose of convening to confer in an attempt to resolve a grievance that has been filed consistent with Article 12. Any question regarding the meaning, interpretation, or application of the provisions of this Agreement shall be referred directly to the Joint Administrative Subcommittee for resolution. The Joint Administrative Subcommittee shall meet as required to resolve grievances by majority (unanimous) vote with such resolutions to be final and binding on all signatories of the Agreement. A failure of any party or parties to attend

said hearing shall not delay the hearing of evidence or issuance of an award by the Joint Administrative Subcommittee, if such award is made by a majority (unanimous) vote, and the hearing shall proceed *ex parte*.

**ARTICLE XI**

**COMPLIANCE**

11.1 It shall be the responsibility of the Contractor/Employers and Unions to investigate and monitor compliance with the provisions of the Agreement contained in Article IX. Nothing in this agreement shall be construed to interfere with or supersede the usual and customary legal remedies available to the Unions and/or employee benefit Trust Funds to collect delinquent Trust Fund contributions from Contractor/Employers on the Project. WETA shall monitor Contractor/Employer(s)' compliance with the prevailing wage requirements of the state.

**ARTICLE XII**

**GRIEVANCE ARBITRATION PROCEDURE**

12.1 Employee Grievances: All disputes involving discipline and/or discharge of employees working on the Project shall be resolved through the grievance and arbitration provision contained in the MLA for the craft of the affected employee. No employee working on the Project shall be disciplined or dismissed without just cause.

12.2 Project Labor Disputes: All Project labor disputes involving the application or interpretation of the MLA to which a signatory Contractor/Employer and a signatory Union are parties shall be resolved pursuant to the resolution procedures of the MLA. All disputes relating to the interpretation or application of this Agreement (with the exception of disputes subject to Articles IV and XIII) shall be subject to resolution by the Grievance arbitration procedures set forth in this Article.

No grievance shall be recognized unless the grieving party (Local Union or District

## **Agenda Item 13, Attachment 1**

Council, on its own behalf, or on behalf of an employee whom it represents, or a Contractor/Employer on its own behalf) provides notice in writing to the signatory party with whom it has a dispute within five (5) days after becoming aware of the dispute but in no event more than thirty (30) days after it reasonably should have become aware of the event giving rise to the dispute. The time limits in this Article may be extended by mutual written agreement of the parties.

Step 1 : A representative of the grievant and the party against whom the grievance is filed shall meet and attempt to resolve the grievance.

Step 2: In the event the matter remains unresolved in Step 1 above, within five (5) working days, the grievance shall be reduced to writing and may then be referred to the other party for discussion and resolution.

Step 3: In the event that the representatives are unable to resolve the dispute within the five (5) working days after its referral to Step 2, either involved party may submit the dispute within five (5) working days to the Joint Administrative Subcommittee established in Section 10.2. The Joint Administrative Subcommittee shall meet within five (5) working days after such referral (or such longer time as is mutually agreed upon by the representatives on the Joint Administrative Subcommittee) to confer in an attempt to resolve the grievance. Regardless of which party has initiated the grievance proceeding, prior to the meeting of the Joint Administrative Subcommittee, the Union shall notify its International Union Representative(s), which shall advise both parties if it intends on participating in the meeting. The participation by the International Union Representative in this Step 3 meeting shall not delay the time set herein for the meeting, unless otherwise mutually agreed by the parties. A majority/unanimous decision by the Joint Administrative Subcommittee shall be final and binding. If the dispute is not resolved by the Joint Administrative Subcommittee, it may be referred within five (5) working days by either party to Step 4.

Step 4: In the event the matter remains unresolved in Step 3, either party may request, within five (5) working days, that the dispute be submitted to arbitration. The parties



agree that the Arbitrator who will hear the grievance shall be selected from the following: Thomas Angelo, William Riker, Jeri-Lou Cossack, Barry Winograd and Robert Hirsch. The parties shall flip a coin to determine who shall strike the first name and shall then alternately strike names from the list and the last remaining name shall be the neutral third party Arbitrator who shall have the power to resolve the dispute in a final and binding manner. Should a party to the procedure fail or refuse to participate in the hearing, if the Arbitrator determines that proper notice of the hearing has been given, said hearing shall proceed to a default award. The Arbitrator's award shall be final and binding on all parties to the arbitration. The costs of the arbitration, including the Arbitrator's fee and expenses, shall be borne equally by the parties. The Arbitrator's decision shall be confined to the question(s) posed by the grievance and the Arbitrator shall not have authority to modify amend, alter, add to, or subtract from, any provisions of this Agreement.

Time Limits: The time limits set out in this procedure may, upon mutual agreement, be extended. Any request for arbitration, request for extension of time limits, and agreement to extend such time limits shall be in writing. However, failure to process a grievance, or failure to respond in writing within the time limits provided above, without an agreed upon extension of time, shall be deemed a waiver of such grievance without prejudice, or without precedent to the processing of and/or resolution of like or similar grievances or disputes.

Retention: At the time a grievance is submitted under this Agreement or any MLA, the Union(s) may request that WETA withhold and retain an amount from what is due and owing to the Contractor(s) against whom the grievance is filed, sufficient to cover the damages alleged in the grievance, should the Union(s) prevail.

The amount shall be retained by WETA until such time as the underlying grievance giving rise to the retention is withdrawn, settled, or otherwise resolved, and the retained amount shall be paid to whomever the parties to the grievance shall decide, or to whomever an Arbitrator shall so order.

In order to encourage the resolution of disputes and grievances at Steps 1 and 2 of this

Grievance Procedure, the parties agree that such settlements shall not be precedent setting.

**ARTICLE XIII**

**WORK ASSIGNMENTS AND NORTHERN CALIFORNIA PLAN FOR THE  
SETTLEMENT OF JURISDICTIONAL DISPUTES:**

13.1 The assignment of covered work will be solely the responsibility of the Contractor/Employer performing the work involved; and such work assignments will be in accordance with the Plan for the Settlement of the Jurisdictional Disputes in the Construction Industry (the “Plan”) or any successor Plan.

13.2 All jurisdictional disputes on this Project between or among the building and construction trades Unions and the Contractor/Employers parties to this Agreement, shall be settled and adjusted according to the present Plan established by the Building and Construction Trades Department or any other plan or method of procedure that may be adopted in the future by the Building and Construction Trades Department. Decisions rendered shall be final, binding and conclusive on the Contractor/Employers and Unions parties to this Agreement.

13.3 For the convenience of the parties, and in recognition of the expense of travel between Northern California and Washington, DC, at the request of any party to a jurisdictional dispute under this Agreement an Arbitrator shall be chosen by the procedures specified in Article V, Section 5, of the Plan from a list composed of John Kagel, Thomas Angelo, Robert Hirsch, and Thomas Pagan, and the Arbitrator’s hearing on the dispute shall be held at the offices of the Napa-Solano Building & Construction Trades Council. All other procedures shall be as specified in the Plan.

13.4 All jurisdictional disputes shall be resolved without the occurrence of any strike, work stoppage, or slow-down of any nature, and the Contractor/Employer’s assignment shall be adhered to until the dispute is resolved. Individual employees violating this section shall be subject to immediate discharge. Each Contractor/Employer will conduct a pre-job conference with the Council prior to commencing work, as described in Section 5.1. The Project Manager

and WETA will be advised in advance of all such conferences and may participate if they wish. Pre-job conferences for different Contractor/Employers may be held together.

**ARTICLE XIV**

**APPRENTICES**

14.1 Recognizing the need to develop adequate numbers of competent workers in the construction industry, the Contractor/Employer(s) shall employ Apprentices from California State-approved Joint Apprenticeship Programs in the respective crafts to perform such work as is within their capabilities and which is customarily performed by the craft in which they are indentured.

14.2 The Apprentice ratios will be in compliance with the applicable provisions of the California Labor Code and Prevailing Wage Rate Determination.

14.3 There shall be no restrictions on the utilization of Apprentices in performing the work of their craft provided they are properly supervised.

**ARTICLE XV**

**MANAGEMENT RIGHTS**

15.1 The Contractor/Employer(s) shall retain full and, exclusive authority for the management of their operations, including the right to direct their work force in their sole discretion and to establish coordinated working hours and starting times, in accordance with the applicable MLAs. No rules, customs or practices shall be permitted or observed which limit or restrict production, or limit or restrict the working efforts of employees except that the lawful manning provisions in the applicable MLAs shall be recognized.

15.2 The Contractor/Employer(s) may use the most efficient methods or techniques of construction, tools, or other labor saving devices to accomplish Project work, in accordance with the applicable MLAs. There shall be no limit on production by workers or restrictions on the full use of tools or equipment, nor any restriction on efficient use of manpower other than

as may be required by applicable safety regulations.

15.3 The Contractor/Employer(s) shall be the sole judge of the number of employees required to perform the work covered by this Agreement, and shall have the sole right to hire, promote, suspend, discharge, or layoff employees at their discretion and to reject any applicant for employment, in accordance with the applicable MLAs.

15.4 The Contractor/Employer(s) shall have the right to award subcontracts to the lowest responsive and responsible bidder or the most qualified/highest ranked firm, in accordance with the applicable MLA for the craft involved.

## **ARTICLE XVI**

### **HELMETS TO HARDHATS**

16.1 The Contractor/Employers and the Unions recognize a desire to facilitate the entry into the building and construction trades of veterans who are interested in careers in the building and construction industry. The Contractor/Employers and Unions agree to utilize the services of the Center for Military Recruitment, Assessment and Veterans Employment (hereinafter "Center") and the Center's "Helmets to Hardhats" program to serve as a resource for preliminary orientation, assessment of construction aptitude, referral to apprenticeship programs or hiring halls, counseling and mentoring, support network, employment opportunities and other needs as identified by the parties.

16.2 The Unions and Contractor/Employers agree to coordinate with the Center to create and maintain an integrated database of veterans interested in working on the Project and of apprenticeship and employment opportunities for this Project. To the extent permitted by law, the Unions will give credit to such veterans for *bona fide*, provable past experience.

## **ARTICLE XVII**

### **SAFTETY PROTECTION OF PERSON AND PROPERTY**

17.1 Employees shall be bound by the reasonable safety, security and visitor rules

established by the Contractor/Employer(s) and WETA. These rules will be published and posted in visible places throughout the work site. An employee's failure to satisfy his/her obligations under this Section will subject him/her to discipline, including discharge consistent with the applicable MLA.

17.2 The use, sale, transfer, purchase and/or possession of a controlled substance, alcohol and/or firearms at any time during the work day is prohibited.

17.3 The Contractor/Employer(s) and Unions agree that the work site shall be a drug free workplace. Parties agree to recognize and use the Substance Abuse Program contained in each applicable Union's MLA.

### **ARTICLE XVIII**

#### **SAVINGS CLAUSE**

18.1 The parties agree that in the event any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void as being in contravention of any applicable law, including Presidential Executive Order, federal or state law, by a court of competent jurisdiction, the remainder of the Agreement shall remain in full force and effect. The parties further agree that if any article, provision, clause, sentence or word of the Agreement is determined to be illegal or void, by a court of competent jurisdiction, the parties shall substitute, by mutual agreement, in its place and stead, an article, provision, clause, sentence or word which will meet the objections to its validity and which will be in accordance with the intent and purpose of the article, provision, clause, sentence or work in question.

18.2 The parties also agree that in the event that a decision of a court of competent jurisdiction materially alters the terms of the Agreement such that the intent of the parties is defeated, then the entire Agreement shall be null and void.

18.3 If a court of competent jurisdiction determines that all or part of the Agreement is invalid and/or enjoins WETA from complying with all or part of its provisions and WETA accordingly determines that the Agreement will not be required as part of an award to a

Contractor/Employer, the unions will no longer be bound by the provisions of Article IV.

18.4 In the event that WETA is made aware that this Agreement or portions thereof are inconsistent with the terms and conditions of any grant, loan, or contract with any Federal or State agency or with the instructions or directions of an authorized representative of a Federal or State agency regarding the requirements of any such grant, loan, or contract, WETA shall notify the Council. Within seven (7) days of notification, the parties shall meet and confer to attempt to modify the Agreement to avoid forfeiture of any funding or otherwise resolve the issue. Should the parties be unable to come to agreement, the Agreement or any inconsistent provision shall be subject to resolution by the grievance arbitration procedures set forth in Article XII. The foregoing notwithstanding, if the granting agency determines that the resolution of such grievance procedure will result in the forfeiture of material grant funds (meaning an amount that would threaten viability of the project) , then the Agreement may be modified or terminated in order to avoid the forfeiture.

## **ARTICLE XIX**

### **TERM**

19.1 The Agreement shall be included in the Bid Documents as a condition of the award of construction contracts for the Project.

19.2 The Agreement shall continue in full force and effect until the completion of the Project.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION  
AUTHORITY

By \_\_\_\_\_ Date \_\_\_\_\_

NAPA-SOLANO BUILDING & CONSTRUCTION  
TRADES COUNCIL

By \_\_\_\_\_ Date \_\_\_\_\_

**SIGNATURE BLOCKS**

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Asbestos Workers Local #16

---

Bricklayers & Allied Craftsmen Local #3

---

Boilermakers Local #549

---

Elevator Constructors Local #8

---

Northern California Carpenters Regional Council

---

Ironworkers Local #378

---

Cement Masons Local #400

---

Northern California District Council of Laborers

---

Electrical Workers Local #180

---

District Council 16 International Union of  
Painters and Allied Trades

---

Plasterers & Cement Masons Local #300

---

Sheetmetal Workers Local #104

---

Plumbers & Steamfitters Local #343

---

Teamsters Local #490

---

Operating Engineers Local #3

---

Utility & Landscape Local #355

---

Sprinkler Fitters Local #483

---

Roofers Local #81

**ADDENDUM A  
LETTER OF ASSENT**

[Date]

[Addressee]

[Address]

[City and State]

Re: WETA North Bay Operations and Maintenance Facility Project  
Project Labor Agreement -- Letter of Assent

Dear Mr./Ms. \_\_\_\_\_:

The undersigned party confirms that it agrees and assents to comply with and to be bound by the WETA North Bay Operations and Maintenance Facility Project, Project Labor Agreement as such Agreement may, from time to time, be amended by the parties or interpreted pursuant to its terms.

By executing this Letter of Assent, the undersigned party subscribes to, adopts and agrees to be bound by the written terms of the legally established trust agreements specifying the detailed basis upon which contributions are to be made into, and benefits made out of, such trust funds and ratifies and accepts the trustees appointed by the parties to such trust funds.

Such assent and obligation to comply with and to be bound by this Agreement shall extend to all work covered by said Agreement undertaken by the undersigned party on the WETA North Bay Operations and Maintenance Facility Project. The undersigned party shall require all of its subcontractors, of whatever tier, to become similarly bound for all their work within the scope of this Agreement by signing an identical Letter of Assent.

This letter shall constitute a subscription agreement, to the extent of the terms of the letter.

CONTRACTOR/SUBCONTRACTOR: \_\_\_\_\_

California State License Number: \_\_\_\_\_

Name and Signature of  
Authorized Person:

\_\_\_\_\_  
(Print Name)

\_\_\_\_\_  
(Title)

\_\_\_\_\_  
(Signature)

\_\_\_\_\_  
(Telephone Number)



**ADDENDUM B**  
**LIST OF MASTER COLLECTIVE BARGAINING AGREEMENTS**