



Members of the Board

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MEETING AGENDA FOR THE WETA BOARD OF DIRECTORS

BOARD OF DIRECTORS' MEETING

April 4, 2013 at 1:00 P.M.
San Francisco Bay Area
Water Emergency Transportation Authority
9 Pier, Suite 111
San Francisco

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

AGENDA

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

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

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

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

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

Water Emergency Transportation Authority
April 4, 2013 Meeting of the Board of Directors

6. CONSENT CALENDAR *Action*
 - a. Minutes March 14, 2013
 - b. Overview of FY 2012/13 Financial Audit Scope and Process
7. APPROVE SOUTH SAN FRANCISCO SERVICE ENHANCEMENTS *Action*
8. INFORMATIONAL PRESENTATION ON SAN FRANCISCO WATERFRONT TRANSPORTATION ASSESSMENT STUDY *Information*
9. DOWNTOWN SAN FRANCISCO FERRY TERMINAL EXPANSION PROJECT UPDATE *Information*
10. AUTHORIZE THE RELEASE OF REQUEST FOR PROPOSALS FOR THE PHASE 0 CONSTRUCTION CONTRACT FOR THE NORTH BAY MAINTENANCE AND OPERATIONS FACILITY *Action*
11. RECESS INTO CLOSED SESSION
 - a. CONFERENCE WITH REAL PROPERTY NEGOTIATORS *Action*

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

To Be Determined
 - b. PUBLIC EMPLOYEE PERFORMANCE EVALUATION *Action*

Title: Executive Director

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

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

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

ADJOURNMENT

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

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

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



MEMORANDUM

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: April 4, 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. A RFQ for CM services was released on 3/7/13 and a pre-submittal conference was held on 3/20/13.

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. A RFQ for CM services was released on 3/7/13 and a pre-submittal conference was held on 3/20/13.

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. An RFP was released on October 31, 2012 and a pre-bid conference was held on November 14, 2012 and attended by ten individuals representing seven shipyards. Proposals were received on January 3, 2013 and staff has since worked to define and assess final project proposals. At the March 2013 Board of Directors approved the contract award to Marine Group Boat Works. The Bay Breeze arrived at the Shipyard on March 18th to start the project.

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 the start of 2014.

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

This project was originally developed and designed by the City of Vallejo, which issued an RFP for project construction in Fall 2011. Bids received by the City significantly exceeded funds available, and all bids were rejected. On December 15, 2011, the California Transportation Commission approved a 20-month extension for the \$4.2 million STIP grant allocated to the project to provide time to re-design and re-bid the project; extending the deadline for construction contract award to August 2013.

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

An RFQ for construction management services for the project was released on November 9, 2012. Submittals in response to the RFQ were received on December 14, 2012. At the February 2013 Board of Directors approved the contract award for construction a management services to Weston Solutions. Staff is continuing with work with the consultant team on the design and specifications for the preconstruction/site preparation work and construction of the landside and waterside facilities. Staff anticipates going out to bid for the pre-construction/site preparation work in Spring 2013 with the landside and waterside packages to follow.

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.

The US Fish and Wildlife service recently issued its Biological Opinion for the project, concluding the consultation process initiated by FTA under Section 7 of the Endangered Species Act. Staff has submitted documentation to FTA requesting approval of a Categorical Exclusion for the project, which would represent completion of the NEPA process for this project.

Richmond Ferry Service – This service will provide an alternative transportation link between the City of Richmond and downtown San Francisco. The environmental and conceptual design work includes plans for replacement of an existing facility (float and gangway) and a phased parking plan. Staff is working with the City of Richmond staff and representatives of Orton Development Inc. to develop the plans. Environmental review for the project is underway. Public and resource agency scoping meetings were held in June 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 the next two to three months. Staff continues to conduct stakeholder outreach with the City and other agencies including Contra Costa Transportation Authority (CCTA) and the Bay Conservation and Development Commission. Staff is also initiating the Section 7 and Essential Fish Habitat consultation with NOAA and NMFS.

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

Staff is working with the environmental consultant to complete the Final EIS/EIR. The Final EIS/EIR was submitted to FTA review in early October 2012. Staff is consulting with the NOAA and the NMFS

on completion of Section 7 consultation and Essential Fish Habitat Assessment for the project. The assessments were prepared in compliance with legal requirements set forth under Section 7 of the Endangered Species Act and the Magnuson-Stevens Fishery Act. NOAA and NMFS will issue a Biological Opinion on the project. Staff is continuing to work with NOAA and NMFS on the proposed mitigation plan for the project. The BO is required prior to completion of the Final EIS/EIR.

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

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.

WETA has responded to comments received from FTA and Cooperating Agencies on the Administrative Draft EIS/EIR. Pending further review by FTA, staff expects to release a Draft EIS/EIR for public comment in May 2013. An overview of this project will be provided at the April Board meeting.

Hercules Environmental Review/Conceptual Design - In Spring of 2012 staff met with the City of Hercules to receive an update on the environmental review status, current phasing plan, funding and schedule for the Intermodal Transit Center project; a pre-requisite project to a ferry terminal at this site. Based upon this discussion, it appears that funding is in place to construct the initial phases of the Intermodal Transit Center but that the project will not advance to such a point that ferry terminal construction could begin until 2017, at the earliest. As a result, City and WETA staffs have agreed that continuing the environmental review process for a potential ferry terminal at this site is not prudent at this time given the limited shelf life of this work. Staff will remain in contact with the City to coordinate any future ferry terminal work as the Transit Center project moves forward. This information is reflected in the WETA Short Range Transit Plan.

Antioch, Martinez and Redwood City Ferry Service Projects – These projects involve conceptual design and environmental review for potential future ferry services to the cities of Antioch, Martinez, and Redwood City. Draft site feasibility reports have been prepared and distributed to the cities for review. The feasibility reports were prepared to identify site constraints and design requirements to better understand project feasibility and cost. Staff is continuing to work with city staff to review the draft reports and determine appropriate next steps for the respective planning and environmental processes. Staff presented the findings of the Antioch site feasibility report to the Antioch City Council on February 12, 2013. The presentation included an overview of next steps for the project. Staff is coordinating with Martinez and Redwood City on similar efforts.

Contra Costa County Ferry Subcommittee – Staff is working with the Contra Costa Transportation Authority (CCTA) and representatives from the cities of Antioch, Martinez, Hercules and Richmond to study implementation of ferry expansion services in Contra Costa County. The subcommittee will produce a "white paper" 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 on February 21, 2013 to initiate the "white paper" effort. CCTA is leading this effort.

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 will consolidate local, regional and commuter bus services and a 1,200 space parking garage for ferry patrons and the general public.

The Vallejo Station Parking Structure will be constructed in two phases. Phase A Parking Structure is complete and now open. The City has initiated procurement of a Parking Access and Revenue Control System (PARCS) which is expected to be in effect at this new garage facility in the coming months. Additional traffic and parking signs, which will accompany the PARCS, will be procured and installed within the next month. Construction of Phase B of the parking structure is dependent upon the City securing funding and the relocation of the U.S. Post Office, which is at a stand-still.

OUTREACH, PUBLIC INFORMATION, AND MARKETING EFFORTS

On March 14, Keith Stahnke attended the MTC Trans Response Plan (TRP) Steering Committee meeting.

On March 19, Nina Rannells, Kevin Connolly and Chad Mason met with the Executive Director of the Alameda County Transportation Commission to discuss Alameda County's existing ferry services and the planned Berkeley Ferry Terminal and service.

On March 26, Nina Rannells, Kevin Connolly and Mike Gougherty attended a discussion on San Francisco's Waterfront Development hosted by SPUR.

On March 27, Nina Rannells attended a Women in Logistics luncheon featuring speaker Deborah Ale-Flint, Acting Director of the Port of Oakland, who provided an update on the Port's plans and activities.

On March 28, Lauren Gularte attended the Regional Title VI Working Group meeting.

On April 3, Mike Gougherty attended the Northeastern Waterfront Advisory Group meeting at the Port of San Francisco.

OPERATIONS REPORT

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

ADMINISTRATION

Attachment 2 includes FY 2012/13 financial statements for eight months ending February 2013, including the Statement of Revenues and Expenses and the Statement of Capital Programs and Expenditures.

OTHER

AB 935 (Frazier) – This 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. More information on this bill is included in the standing legislative report.

Attachment 1

Monthly Operations Statistics Report February 2013

		Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo	Systemwide
Ridership	Total Passengers February 2013 (28 days)	26,617	15,920	2,938	44,412	89,887
	Total Passengers February 2012 (29 days)	30,911 ^a	15,577 ^a	n/a	44,965	44,965
	Percent change	-13.89%	2.20%	n/a	-1.23%	99.90%
	Total Passengers Current FY To Date	382,630	131,636	23,691	456,252	994,209
	Total Passengers Last FY To Date	354,202	112,936	n/a	443,486	910,624
	Percent change	8.03%	16.56%	n/a	2.88%	9.18%
	Avg Weekday Ridership February 2013	1,401	838	155	1,824	4,217
Passengers Per Hour		110	147	27	102	100
Ops Stats	Revenue Hours	243	108	108	437	896
	Revenue Miles	2,619	2,118	1,426	11,584	17,747
Fuel	Fuel Used (gallons)	16,892	8,198	9,966	87,133	122,189
	Avg Cost per gallon	\$3.67	\$3.67	\$3.67	\$3.66	\$3.67

a. SFBF provided ferry service during the Presidents Day weekend closure of the Oakland Bay Bridge. AOFS carried a total of 5,954 passengers and AHBF carried a total of 1,244 during the 3 days, 2/18 to 2/20/2012.

Attachment 2

San Francisco Bay Area Water Emergency Transportation Authority
FY 2012/13 Statement of Revenues and Expenses
For Eight Months Ending 02/28/2013

% of Year Elapsed 66.4%

	Current Month	Prior Year Actual	2012/13 Budget	2012/13 Actual	% of Budget
OPERATING EXPENSES					
<u>PLANNING & GENERAL ADMIN:</u>					
Wages and Fringe Benefits	99,983	1,269,738	1,434,800	832,643	58.0%
Services	53,297	2,388,779	1,979,100	440,026	22.2%
Materials and Supplies	1,019	47,917	258,100	6,416	2.5%
Utilities	841	14,956	16,000	4,950	30.9%
Insurance	-	28,578	33,000	(6,303)	-19.1%
Miscellaneous	2,838	306,710	128,000	57,661	45.0%
Leases and Rentals	22,082	268,610	266,000	174,496	65.6%
Admin Overhead Expense Transfer	(84,281)	-	(984,000)	(689,417)	70.1%
Sub-Total Planning & Gen Admin	95,779	4,325,288	3,131,000	820,471	26.2%
<u>FERRY OPERATIONS:</u>					
<u>Harbor Bay FerryService</u>					
Purchased Transportation	89,981	1,098,946	1,122,000	804,198	71.7%
Fuel - Diesel & Urea	30,080	404,896	531,300	298,138	56.1%
Other Direct Operating Expenses	13,263	341,174	411,400	259,548	63.1%
Admin Overhead Expense Transfer	10,114	-	116,700	89,375	76.6%
Sub-Total Harbor Bay	143,438	1,845,016	2,181,400	1,451,260	66.5%
<u>Alameda/Oakland Ferry Service</u>					
Purchased Transportation	288,826	3,015,472	3,702,300	2,539,766	68.6%
Fuel - Diesel & Urea	61,975	1,131,900	1,454,300	836,950	57.6%
Other Direct Operating Expenses	21,116	732,809	737,600	305,032	41.4%
Admin Overhead Expense Transfer	22,755	-	265,000	186,907	70.5%
Sub-Total Alameda/Oakland	394,673	4,880,181	6,159,200	3,868,656	62.8%
<u>Vallejo FerryService</u>					
		<i>(Operated by City of Vallejo)</i>			
Purchased Transportation	556,488	6,240,622	6,538,500	4,684,363	71.6%
Fuel - Diesel & Urea	318,803	3,965,227	6,009,500	3,147,156	52.4%
Other Direct Operating Expenses	81,883	2,041,094	1,042,280	771,047	74.0%
Admin Overhead Expense Transfer	38,770	258,786	455,100	304,830	67.0%
Sub-Total Vallejo	995,944	12,505,729	14,045,380	8,907,396	63.4%
<u>South San Francisco FerryService</u>					
		<i>(Service launched on 6/4/12)</i>			
Purchased Transportation	119,384	122,092	2,083,400	1,227,209	58.9%
Fuel - Diesel & Urea	36,566	44,197	841,500	365,637	43.5%
Other Direct Operating Expenses	15,806	4,096	322,000	207,804	64.5%
Admin Overhead Expense Transfer	12,642	-	147,200	108,304	73.6%
Sub-Total South San Francisco	184,397	170,384	3,394,100	1,908,955	56.2%
Total Operating Expenses	1,814,231	23,726,598	28,911,080	16,956,738	58.7%
Total Capital Expenses	241,207	32,496,198	25,419,571	6,109,742	24.0%
Total Expenses	2,055,439	56,222,796	54,330,651	23,066,480	42.5%
OPERATING REVENUES					
Fare Revenue	602,257	9,465,348	9,717,441	6,755,868	69.5%
Local - Bridge Toll	1,211,859	14,149,730	18,985,189	10,199,524	53.7%
Local - Property Tax and Assessments	-	78,192	206,450	-	0.0%
Local - Other Revenue	115	33,328	2,000	1,346	67.3%
Total Operating Revenues	1,814,231	23,726,598	28,911,080	16,956,737	58.7%
Total Capital Revenues	241,207	32,496,198	25,419,571	6,109,743	24.0%
Total Revenues	2,055,438	56,222,796	54,330,651	23,066,480	42.5%

Attachment 2

**San Francisco Bay Area Water Emergency Transportation Authority
FY 2012/13 Statement of Capital Programs and Expenditures
For Eight Months Ending 02/28/2013**

Project Description	Current Month	Project Budget	Prior Year Actual	2012/13 Budget	2012/13 Actual	Future Year	% of Project
CAPITAL EXPENSES							
FACILITIES EXPANSION							
Future Expansion Service Studies:							
Berkeley Terminal - Environ/Concept Design	5,023	2,335,000	2,053,018	281,982	69,589	-	91%
Richmond Terminal - Environ/Concept Design	17,551	812,500	197,224	615,276	238,681	-	54%
Redwood City - Environ/Concept Design	59	812,500	108,535	75,965	8,737	628,000	14%
Antioch - Environ/Concept Design	3,983	812,500	98,047	250,000	34,985	464,453	16%
Martinez - Environ/Concept Design	9,126	812,500	137,979	74,521	21,863	600,000	20%
SF Berthing Expansion - Environ/Concept Design	40,849	3,300,000	1,919,679	1,380,321	299,848	-	67%
Terminal/Berthing Expansion Construction:							
Pier 9 Mooring Facility	-	3,150,000	3,138,848	11,152	4,524	-	99%
SSF Oyster Mitigation	6,711	275,000	49,470	50,000	24,864	175,530	27%
SSF Terminal Construction	7,586	26,000,000	23,943,585	2,056,415	183,665	-	93%
Berkeley Terminal - Final Design	-	3,200,000	-	800,000	-	2,400,000	0%
Maintenance & Operations Facilities:							
North Bay Operations & Maintenance Facility	63,524	25,500,000	-	4,862,500	323,830	20,637,500	1%
Central Bay Ops & Maint Facility - Environ/Concept Design	7,546	952,500	608,021	344,479	252,683	-	90%
Central Bay Ops & Maint Facility - Final Design	-	3,647,500	-	2,742,500	-	905,000	0%
FACILITIES REHABILITATION							
Channel Dredging:							
Channel Dredging - Harbor Bay	22,200	410,000	26,879	383,121	329,103	-	87%
Passenger Floats & Gangways:							
Gangway Rehabilitation - Main Street Terminal	-	125,000	-	125,000	-	-	0%
Gangway & Float Rehab - Harbor Bay Terminal	-	240,000	-	240,000	-	-	0%
Spare Float Replacement - Vallejo	-	3,300,000	-	470,000	187	2,830,000	0%
Passenger Float Replacement - Clay Street Terminal	11,399	2,410,000	119,145	2,290,855	1,985,050	-	87%
Gangway & Pier Rehab - Clay Street	-	625,000	-	30,000	-	595,000	0%
Terminal Rehabilitation:							
Terminal Fac Improvement - Harbor Bay & Maint St.	932	250,000	-	250,000	2,804	-	1%
FERRY VESSELS							
Major Component Rehab/Replacement:							
Vessel Engine Overhaul - Encinal	30,025	803,564	2,708	800,856	800,815	-	100%
Purchase of Inflatable Buoyancy Apparatus	-	127,500	-	127,500	-	-	0%
Communications Equipment	-	182,000	39,737	142,263	3,406	-	24%
Vessel Mid-Life Repower/Refurbishment:							
Vessel Mid-Life Repower/Refurbishment: - Bay Breeze	14,694	5,015,000	53,323	4,961,677	104,540	-	3%
Vessel Mid-Life Repower/Refurbishment: - Mare Island	-	1,803,188	-	1,803,188	1,420,567	-	0%
Vessel Expansion/Replacement:							
Purchase Replacement Vessel	-	15,000,000	-	250,000	-	14,750,000	0%
Total Capital Expenses	241,207	101,901,252	32,496,198	25,419,571	6,109,742	43,985,483	
CAPITAL REVENUES							
Federal	82,534	27,261,904	13,010,685	10,787,218	2,339,717	3,464,000	56%
State	137,517	58,565,504	6,776,762	11,386,258	3,101,990	40,402,483	17%
Local - Bridge Toll	18,218	5,297,431	4,620,197	677,234	663,327	-	100%
Local - San Mateo Sales Tax Measure A	-	9,640,764	8,077,889	1,562,875	(16,199)	-	84%
Local - Alameda Sales Tax Measure B	2,939	1,135,650	10,665	1,005,985	20,907	119,000	3%
Total Capital Revenues	241,207	101,901,252	32,496,198	25,419,571	6,109,743	43,985,483	

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Peter Friedmann
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DATE: March 28, 2013

TO: WETA Board Members

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

SUBJECT: Report to the Board: April

This month's Report covers two topics: Sequester and Preventing Dilution of the Public Ferry Grant Programs

Sequester

As we approach April 1, the impact of the much-touted "Sequester" will start to be felt. The Sequester officially began March 1, but under Federal employment rules, furloughed employees must be given 30 days notice with an additional 15 days to respond; so full furloughs will really hit on or about April 15.

Most federal agencies, including those impacting WETA, including FTA, FHWA, Coast Guard, Corps of Engineers, have been given a mandate to cut spending by approx 7%. The sequester legislation (which passed Congress and was signed by the President in 2011) does not mandate the manner in which the cuts are to be achieved. It can be done by eliminating some programs, reducing administrative overhead, deferring capital acquisitions, or by personnel cost reduction. Most agencies have chosen to accomplish their budget reductions by furloughing employees. In practical terms this means that for most agencies employees will not come to work for 2 days a month and would not be paid for those days. (Some in the business community note that this approach should be compared with the private sector -- a company losing money, would let some employees go and everyone else would take a 7% pay cut, but would be expected to continue working full time).

The question is, can the Federal government continue to provide the services the public expects, with a 7% personnel budget cut?

Perhaps the most immediate impact to be felt in San Francisco Bay is the decision to eliminate overtime by Customs & Border Protection (and other agencies) at ports of entry. For cargoes that enter outside of regular shifts, the inspections will await the next shift. For vessels approaching ports of entry, it may mean laying at berth in the Bay for some time, before coming in to begin the unloading process. At Ports LA, Long Beach, and Oakland, the maritime and trade community is bracing for significant delays, back ups, and congestion. It is not clear whether the lower volumes of inbound cargo to Ports at Richmond, Stockton, Redwood City will be impacted by elimination of Customs inspector overtime in the San Francisco District.

Public Ferry Grants

Fortunately, the ferry grant programs are not being impacted by the sequester. Since they are funded by the Highway Trust Fund, both the discretionary ferry grants and the formula ferry grants will be distributed, without reductions.

Of concern to the members of the Public Ferry Coalition, including WETA, is the apparent relaxation of the eligibility standards for the formula ferry grants. We are concerned that Federal Highway Administration is allowing distribution of grants to private operators. By statute, these funds are to go exclusively to public ferry systems. The funding for ferries, compared to other modes of transit, is quite limited (\$97 million annually for all public ferry systems); we cannot afford to have these limited funds diluted through distribution to private operators.

Over the years, the public mandate has been interpreted to include private operators who are operating boats under contract to public entities that set the fares, schedules, and provide access to public property/terminals. Even in this situation the funds can only go to the public entity for enhancement of the publically owned facilities, such as the ferry terminals.

The Public Ferry Coalition has reviewed the proposed distribution list for ferry grants issued by FHWA, and found approximately 75 that appear to be entirely privately owned and operated. We are engaged with discussions with the ferry program manager at FHWA, to find a way to assure funds do not go to ineligible private ferry operators.

Respectfully Submitted,

Peter Friedmann
WETA Federal Representative

MEMORANDUM

To: Board of Directors

From: Barry Broad
Shane Gusman

Date: March 29, 2013

Re: Status of AB 935 (Frazier)

AB 935 (Frazier), as amended on March 18, 2013, provides that the WETA Board will be increased by two members, one appointed by the Senate Committee on Rules and one by the Speaker of the Assembly. The bill would require that the initial terms of the additional members appointed by the Senate Committee on Rules and the Speaker of the Assembly pursuant to its provisions shall be 2 years and 6 years, respectively. The bill would also require that, of the the three members appointed by the Governor, one be a resident of the County of Contra Costa selected from a list of three nominees provided by the Contra Costa Transportation Authority, one be a resident of the County of San Mateo selected from a list of three nominees provided by the San Mateo County Transportation Authority, and one be a resident of the County of Solano selected from a list of 3 nominees provided by the Solano Transportation Authority. The bill would require the Governor to appoint a resident of the county of one of these transportation authorities that fails to submit a list of three nominees to the Governor within 45 days of a vacancy.

A copy of AB 935, as amended on March 18, is attached. The bill is scheduled to be heard by the Assembly Local Government Committee on April 10.

AMENDED IN ASSEMBLY MARCH 18, 2013

CALIFORNIA LEGISLATURE—2013–14 REGULAR SESSION

ASSEMBLY BILL

No. 935

**Introduced by Assembly Member Frazier
(Coauthor: Assembly Member Bonilla)**

February 22, 2013

An act to amend Section 66540.12 of the Government Code, relating to the San Francisco Bay Area Water Emergency Transportation Authority.

LEGISLATIVE COUNSEL'S DIGEST

AB 935, as amended, Frazier. San Francisco Bay Area Water Emergency Transportation Authority: terms of board members.

Existing law establishes the San Francisco Bay Area Water Emergency Transportation Authority (~~WETA~~) with specified powers and duties, including, but not limited to, the authority to coordinate the emergency activities of all water transportation and related facilities within the bay area region, as defined.

Existing law provides for a board of directors *of the authority*, 3 members of which are appointed by the Governor and one each by the Senate Committee on Rules and the Speaker of the Assembly. Directors serve 6-year terms.

This bill would expand the number of members appointed by the Senate Committee on Rules and the Speaker of the Assembly to 2 members each. The bill would require that the initial terms of the additional members appointed by the Senate Committee on Rules and the Speaker of the Assembly pursuant to its provisions shall be 2 years and 6 years, respectively. The bill would also require that ~~one of the 3~~ members appointed by the Governor be *a resident of the County of*

Contra Costa selected from a list of 3 nominees provided by the Contra Costa Transportation Authority and one, a resident of the County of San Mateo selected from a list of 3 nominees provided by the San Mateo County Transportation Authority, and a resident of the County of Solano selected from a list of 3 nominees provided by the Solano Transportation Authority. The bill would require the Governor to appoint a resident of the county of one of these transportation authorities that fails to submit a list of 3 nominees to the Governor within 45 days of a vacancy.

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. Section 66540.12 of the Government Code is
- 2 amended to read:
- 3 66540.12. (a) The authority shall be governed by a board
- 4 composed of seven members, as follows:
- 5 (1) Three members shall be appointed by the Governor, subject
- 6 to confirmation by the Senate. The Governor shall make the initial
- 7 appointment of these members of the board no later than January
- 8 11, 2008.
- 9 (A) One member appointed by the Governor shall be a resident
- 10 of the County of Contra Costa and shall be selected from a list of
- 11 three nominees provided by the Contra Costa Transportation
- 12 Authority. *If the authority fails to submit a list of three nominees*
- 13 *within 45 days of a vacancy, the Governor shall appoint a resident*
- 14 *of that county.*
- 15 (B) One member appointed by the Governor shall be a resident
- 16 of the County of San Mateo and shall be selected from a list of
- 17 three nominees provided by the San Mateo County Transportation
- 18 Authority. *If the authority fails to submit a list of three nominees*
- 19 *within 45 days of a vacancy, the Governor shall appoint a resident*
- 20 *of that county.*
- 21 (C) *One member appointed by the Governor shall be a resident*
- 22 *of the County of Solano and shall be selected from a list of three*
- 23 *nominees provided by the Solano Transportation Authority. If the*
- 24 *authority fails to submit a list of three nominees within 45 days of*
- 25 *a vacancy, the Governor shall appoint a resident of that county.*
- 26 (2) Two members shall be appointed by the Senate Committee
- 27 on Rules.

1 (3) Two members shall be appointed by the Speaker of the
2 Assembly.

3 (b) Each member of the board shall be a resident of a county in
4 the bay area region.

5 (c) Public officers associated with an area of government,
6 including planning or water, whether elected or appointed, may
7 be appointed to serve contemporaneously as members of the board.
8 A public agency shall not have more than one representative on
9 the board of the authority.

10 (d) The Governor shall designate one member as the chairperson
11 of the board and one member as the vice chairperson of the board.

12 (e) Except as provided in subdivisions (f) and (g), the term of
13 a member of the board shall be six years.

14 (f) (1) ~~The~~ *Except as to initial appointments specified in*
15 *subdivision (g), the* appointments next following the expiration of
16 the terms of the initial appointments shall be for the following
17 terms:

18 (A) Two of the members appointed by the Governor shall serve
19 terms of two years and one shall serve a term of six years.

20 (B) The member appointed by the Senate Committee on Rules
21 shall serve a term of four years.

22 (C) The member appointed by the Speaker of the Assembly
23 shall serve a term of four years.

24 (2) Each member appointed after the expiration of the terms set
25 forth in subparagraphs (A) to (C), inclusive, of paragraph (1) shall
26 serve a term of six years.

27 (g) The initial terms for additional appointees of the Senate
28 Committee on Rules and the Speaker of the Assembly added to
29 the authority pursuant to the act that added this subdivision shall
30 be the following:

31 (1) The additional member appointed by the Senate Committee
32 on Rules shall serve a term of two years.

33 (2) The additional member appointed by the Speaker of the
34 Assembly shall serve a term of six years.

35 (h) Vacancies shall be filled immediately by the appointing
36 power for the unexpired portion of the terms in which they occur.

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

(March 14, 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

Vice Chair Anthony Intintoli chaired the meeting and called the meeting to order at 1:05 p.m. Directors present were and Director Gerald Bellows and Director Timothy Donovan. Vice Chair Intintoli led the pledge of allegiance.

2. REPORT OF BOARD CHAIR

No report.

3. REPORT OF DIRECTORS

No report.

4. REPORTS OF STAFF

Executive Director Rannells referred the Board to her written report. She also noted an update to the legislative report submitted by WETA Federal Representative Peter Friedmann of Lindsay, Hart, Neil & Weigler, LLP, noting that the current budget continuance would not curtail federal ferryboat funding as had previously been anticipated.

Ms. Rannells then introduced Shane Gusman of Broad & Gusman, LLP, who reviewed Assembly Bill 935. He reported that this bill, should it be signed, would significantly alter the composition of the Board by creating two new seats and by limiting the Governor's appointments by requiring representational seats for the counties of Contra Costa and San Mateo. He noted that no letters of opposition or support had been submitted for the bill and that the authors of the bill had remained anonymous to date.

Vice Chair Intintoli invited brief comments but noted that discussion of a non-agendized item would be limited. Director Bellows asked if this bill would impact the staggered terms. Mr. Gusman responded that the two additional positions created by this legislation would be for two and six year terms for the initial term only and six year terms thereafter, thus creating staggered terms as had been established in AB 2433.

5. CONSENT CALENDAR

Director Bellows made a motion to approve the consent calendar which included the minutes from the February 7. Director Donovan seconded the motion and the item carried unanimously.

6. APPROVE CONTRACT AMENDMENT WITH FAST FERRY MANAGEMENT, INC. FOR MARINE SERVICES

Manager of Operations Keith Stahnke presented this item requesting Board approval of Amendment No. 5 to the agreement with Fast Ferry Management, Inc., extending the term of the contract to June 30, 2014 for a not to exceed amount of \$315,000 and to authorize the Executive Director to execute the amendment.

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

7. APPROVE CONTRACT AWARD FOR BAY BREEZE REFURBISHMENT PROJECT

Mr. Stahnke presented this item requesting that the Board authorize award of a contract to Marine Group Boat Works for the refurbishment of the *Bay Breeze* vessel in an amount not to exceed \$4,288,700, and authorize the Executive Director to negotiate and execute the contract and to take all other actions and execute all other documents necessary to complete the work.

Vice Chair Intintoli asked when the *Bay Breeze* had been built and what the cost would be to replace the vessel rather than refurbishing it. Mr. Stahnke replied that it had been built in 1994 and that a replacement would cost slightly over \$10 million.

Director Donovan asked if the refurbishment work would be performed locally. Mr. Stahnke said that the work would be done in the San Diego, CA area.

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

8. SOUTH SAN FRANCISCO SERVICE ENHANCEMENT DEMONSTRATION PROJECT

Manager of Planning and Development Kevin Connolly presented an informational item describing a concept for a one year demonstration project to enhance South San Francisco ferry service. Mr. Connolly noted that provided there was general support for the concept, staff would develop a final demonstration service recommendation for Board consideration at the next meeting.

Vice Chair Intintoli noted that ridership for the South San Francisco service was only a third of what had been projected and that it was imperative that everything possible be done to make the service a success.

Public Comment

The Hon. Pedro Gonzales, Mayor of South San Francisco, member of the WETA Community Advisory Committee and co-chair of the Water Transit Advocates of San Mateo County, said that more outreach was needed to generate awareness of the service, especially for local residents in areas west of Highway 101. He also said that he believed many South San Franciscans would use the ferry service to visit Jack London Square in Oakland if more midday service could be added.

9. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Vice Chair Intintoli called the meeting into closed session at 1:25 p.m. Upon reopening of the meeting at 1:40 p.m. he reported that no action had been taken.

10. ADJOURNMENT

All business having concluded, the meeting was adjourned at 1:40 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Overview of FY 2012/13 Financial Audit Scope and Process

Recommendation

There is no recommendation associated with this informational item.

Background/Discussion

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

Maze is scheduled to begin the initial field work associated with the audit of WETA's FY 2012/13 financial statements in May 2013 and issue the final audit report no later than December 2013. The Engagement Letter, provided as **Attachment A** to this report, describes the scope of Maze's audit, audit objectives, responsibilities of management and audit procedures pertaining to the audit. In addition, Maze has included their most recent review report.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

Attachment A



March 13, 2013

Nina Rannells, Executive Director
San Francisco Bay Area Water Emergency Transit Authority
Pier 9, Suite 111
The Embarcadero
San Francisco, CA 94111

Dear Nina:

We are pleased to confirm our understanding of the services we are to provide for the San Francisco Bay Area Water Emergency Transit Authority for the year ended June 30, 2013. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

1. Basic Financial Statements.
2. Testing for compliance with the Single Audit Act and applicable laws and regulations and issuance of our reports thereon.
3. Financial statement audit scope increase due to ferry transit services assumed from the City of Vallejo for the year.
4. Audit of assets transferred and liabilities assumed from City of Vallejo and preparation of appropriate discloses.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Authority's 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 basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding 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 will 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.

If the Authority's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our 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 and will provide an opinion on it in relation to the financial statements as a whole.

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

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

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objectives

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

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

The reports on internal control and compliance will each include a paragraph that states the purpose of the report is solely to describe (a) the scope of testing of internal control over financial reporting and compliance and the result of that testing and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance, (b) the scope of testing internal controls over major programs and major program compliance and the result of that testing and to provide an opinion on compliance but not to provide an opinion on the effectiveness of internal control over compliance, and (c) that the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control over compliance and major program compliance. The paragraph will also state that the report is not suitable for any other purpose.

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

Management Responsibilities

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

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

Management is responsible for making all financial records and related information available to us and for ensuring that management is reliable and financial information is reliable and properly recorded, including any significant vendor relationships in which the vendor has the responsibility for program compliance and for the accuracy and completeness of that information. You are also responsible for providing us with access to all information of which you are aware is relevant to the preparation and fair presentation of the financial statements, additional information that we may request for the purpose of the audit, and unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the Authority will provide us with the Closing Checklist information required for our audit and that the Authority is responsible for the accuracy and completeness of that information. Management is responsible for adjusting the financial statements to correct material misstatements and for confirming to us in the written representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

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

You are responsible for preparation of the schedule of expenditures of federal awards in conformity with OMB Circular A-133. You agree to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. You also agree to make the audited financial statements readily available to intended users of the schedule of expenditures of federal awards no later than the date the schedule of expenditures of federal awards is issued with our report thereon. Your responsibilities include acknowledging to us in the written management representation letter that: you are responsible for presentation of the schedule of expenditures of federal awards in accordance with OMB Circular A-133; that you believe the schedule of expenditures of federal awards, including its form and content, is fairly presented in accordance with OMB Circular A-133; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

You are also responsible for the preparation of the other supplementary information in conformity with U.S. generally accepted accounting principles. You agree to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. You also agree to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Your responsibilities include acknowledging to us in the representation letter that: you are responsible for presentation of supplementary information in accordance with GAAP; that you believe the supplementary information, including its form and content, is fairly presented in accordance with GAAP; that the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

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

Audit Procedures - General

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

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or major programs. However, we will inform the appropriate level of management of any material errors or any fraudulent financial reporting or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that

comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

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

Audit Procedures - Internal Controls

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

As required by OMB Circular A-133, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to OMB Circular A-133.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and OMB Circular A-133.

Audit Procedures - Compliance

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

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

Audit Administration, Fees, and Other

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

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse and, if applicable, to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 days after receipt of the auditors' reports or nine months after the end of the audit period, unless a longer period is agreed in advance by the cognizant or oversight agency for audits.

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

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

We expect to begin our audit in March 2013 and to issue our reports no later than December 2013. The name of the engagement partner is Cory Biggs who is responsible for supervising the engagement and signing the report.

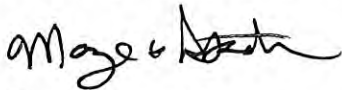
Our fees for these services are billed based on our contract with the Authority. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses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

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

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

Government Auditing Standards require that we provide the Authority with a copy of our most recent external peer review report, and any subsequent peer review reports received during the period of the contract. Our most recent peer review report, accompanies this letter.

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

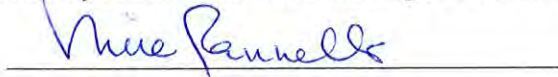


Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Authority.

By:



Title:

Executive Director

Date:

3/25/2013



POWELL & SPAFFORD, LLP
CERTIFIED PUBLIC ACCOUNTANTS

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

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

System Review Report

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

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

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

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

Powell & Spafford, LLP

October 5, 2011

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development
Mike Gougherty, Senior Planner

SUBJECT: Approve South San Francisco Service Enhancements

Recommendation

Approve modifications to the South San Francisco ferry service for a 12-month demonstration period as follows:

- 1) Offer an additional evening trip returning to the east bay at 5:20 PM. As a result, the afternoon schedule will be revised to offer east bay-bound trips at 4:20 PM, 5:20 PM and 6:20 PM; and
- 2) Offer a midday trip from South San Francisco to San Francisco on Wednesdays and Fridays with a \$7.00 regular one-way fare consistent with the existing SSF-east bay fare.

Summary

WETA service into South San Francisco began operation in June 2012 with three morning and two evening trips connecting to the east bay. Ridership has fallen short of initial planning projections, averaging 131 daily boardings in January 2013. That figure has risen to 175 daily boardings in February and 196 boardings on March 27, 2013. This recent upswing mirrors strong growth in WETA's overall network, which experienced a 9.2 percent overall increase in daily ridership over the past 12 months.

As discussed at the March 2012 Board meeting, enhancing service at South San Francisco is necessary in order to provide adequate flexibility to attract daily commuters and midday riders to the service and grow service ridership. The proposed service schedule enhancements will cost approximately \$228,000 during the one-year demonstration period. This amount reflects our ability to take advantage of a crew sharing arrangement with Blue & Gold fleet as well as the ability to convert pre-existing deadhead runs into midday service.

In addition to the proposed enhancements, staff will use this opportunity to modify the morning departure schedules from the boarding terminals in the east bay to reduce the scheduled loading times consistent with what is needed. This will result in a decrease in the scheduled morning travel times. The proposed full service schedule is provided as **Attachment 1** to this memorandum.

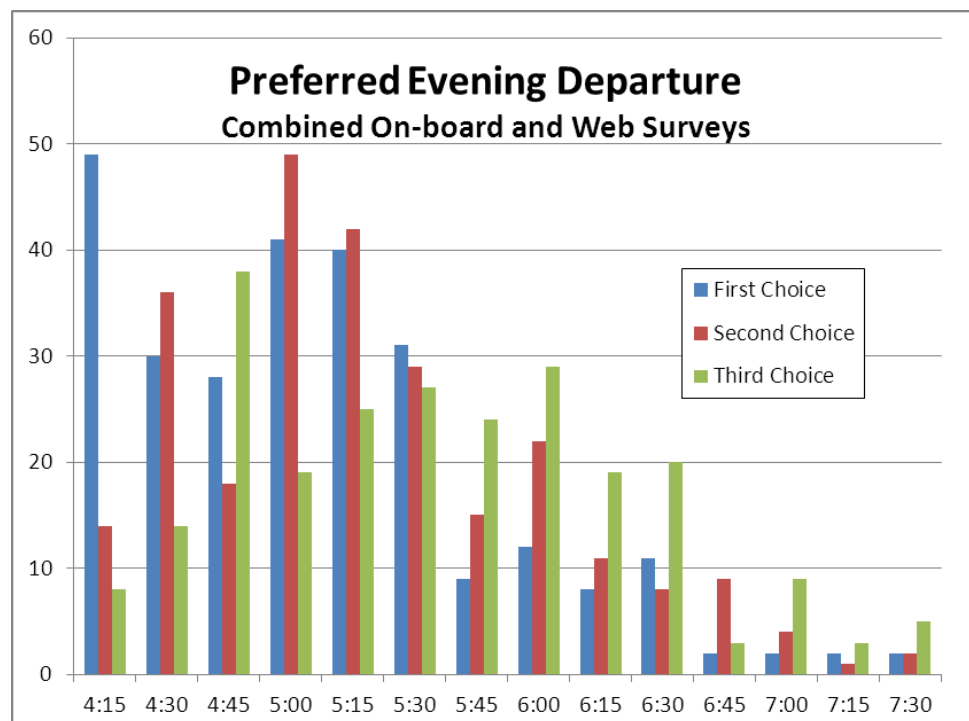
Staff has developed an aggressive South San Francisco advertising campaign to implement in conjunction with the proposed service enhancement which is discussed in detail later in this memorandum. Staff will continue to closely monitor the South San Francisco service performance and will return to the Board on a periodic basis during the demonstration period to provide status updates on the enhancements and overall progress towards growing service ridership.

Additional Information and Discussion

Survey and Schedule

Staff brought an information item to the Board with a concept proposal for enhancing South San Francisco service in March. In the interim weeks, staff has conducted two separate surveys – an on-board survey for existing customers and a web-based survey for non-ferry riders -- to determine the optimal schedule for the evening peak period service. In addition, the surveys sought input on other topics with the goal of better understanding existing and potential customers.

Riders and non-riders were asked to rank their top three preferred departure times from South San Francisco to the east bay. In total, there were 80 completed on-board surveys and 222 completed web surveys. The results are summarized below:



As the chart above indicates, the most popular departure times selected were 4:15, 5:00 and 5:15. Interestingly, there were more votes for a 4:15 trip (71) than passengers on the actual 4:15 departure (31). In proposing departures at 4:20, 5:20 and 6:20, the intent is to find a balance between the 40 percent of respondents who selected 5:00, 5:15 or 5:30 as one of their top choices. In addition, close to 20 percent of respondents selected times ranging between 6:00 and 6:30.

In addition to departure times, the surveys asked what barriers prevented existing riders from riding more often or non-riders from choosing the ferry. Not surprisingly, cost and travel time were the most popular reasons indicated, which is consistent with most surveys of travel behavior. However, the "Ferry schedule is not flexible enough" was selected by 74 percent of respondents, indicating that an additional trip will address this concern. Other interesting results indicate the nearest ferry terminal for both riders and non-ferry riders is Oakland (63% for both groups).

Advertising Campaign

Staff has developed a robust advertising campaign for implementation in conjunction with this program of service enhancements. This campaign will focus on east bay residents working in the

SSF/Oyster Point area as well as potential midday customers living and working in and around SSF. The campaign uses a wide range of advertising techniques in a coordinated program that will establish target market awareness of the ferry service (new expanded commute and midday service) and provide fare based incentives to “take the boat”.

Market Awareness: Market awareness will be achieved through direct mail, email, print advertising, radio, public relations, on-line ads, and onsite SSF Ferry Terminal events. Outreach efforts will include:

- Direct Mail: To target commuters, we will mail 3,300 promotional post cards to 1,100 SSF businesses. To generate awareness of the new Wednesday/Friday midday service we will send 60,000 post cards to households in SSF and surrounding communities.
- Email: We will send 5,100 “commuter packets” to 1,700 targeted SSF work site addresses. Email addresses will be compiled from lists provided by WETA, BayBio, and the Alliance.
- Print: The San Francisco Chronicle (zone edition) will be used to distribute 30,000 free standing inserts to potential midday customers.
- Radio: Thirty-second drive time spots on KCBS will highlight SFBF commuting while focusing on SSF (and other SFBF services).
- SSF Ferry Terminal Events: In conjunction with the San Mateo County Transit Advocates, the Alliance, and the SSF Chamber of Commerce, WETA will host a midday commuter open house and an evening event targeting SSF business managers and owners.

Fare Based Incentives: WETA will provide aggressive fare discounts to encourage new customer to try our services. For commuters there is a “Try Transit Free” program administered by the Alliance where commuters can ride the ferry for free for three days. Excursion customers can take advantage of the “\$2.00 off each way” promotion that reduces the roundtrip adult fare from \$14.00 to \$10.00.

These outreach efforts will be supported by a sustained public relations effort and on-line advertising. Staff will continue to seek additional opportunities (e.g., outdoor advertising, Alliance shuttle wrap) throughout the coming months.

Fiscal Impact

The one-year service enhancement demonstration will add \$228,000 to the annual South San Francisco operating expense. Sufficient funds exist in the FY 2012/13 operating budget to cover initiation of the enhancements in April.

END

Proposed 12-month South San Francisco Demonstration Project

Peak Period Schedule

AM To South San Francisco

Depart Alameda	Depart Oakland	Arrive South San Francisco
6:30 AM	6:40 AM	7:15 AM
7:30 AM	7:40 AM	8:15 AM
8:00 AM	8:10 AM	8:45 AM

PM From South San Francisco

Depart South San Francisco	Arrive Oakland	Arrive Alameda
4:20 PM	4:55 PM	5:10 PM
5:20 PM	6:00 PM*	5:50 PM
6:20 PM	6:55 PM	7:10 PM

*Boat arrives Alameda first

Midday Schedule

Wednesday AM From South San Francisco

Depart South San Francisco	Arrive Downtown Ferry Bldg	Arrive Pier 41
9:00 AM	9:30 AM	9:45 AM

Wednesday PM To South San Francisco

Depart 41	Pier	Depart Downtown Ferry Bldg	Arrive South San Francisco
1:50 PM		2:05 PM	2:40 PM

Friday AM From South San Francisco

Depart South San Francisco	Arrive Downtown Ferry Bldg	Arrive Pier 41
9:00 AM	9:30 AM	9:45 AM

Friday PM To South San Francisco

Depart 41	Pier	Depart Downtown Ferry Bldg	Arrive South San Francisco
3:15 PM		3:30 PM	4:00 PM

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development

SUBJECT: Informational Presentation on San Francisco Waterfront Transportation Assessment Study

Summary

WETA has invited staff from the San Francisco Municipal Transportation Agency (SFMTA) to provide an informational presentation of the current Waterfront Transportation Assessment effort, which is examining the impacts of several large-scale development proposals for the San Francisco waterfront. These projects include the Golden State Warriors Arena at Piers 30/32, the Mission Rock development by the San Francisco Giants and Pier 70, among others. The goal of the Waterfront Transportation Assessment is to provide a strategic analysis of land use and transportation projects over the next 25 years. Current and future ferry development initiatives will play an important role in delivering the development vision to the San Francisco waterfront.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Manager, Planning & Development
Mike Gougherty, Senior Planner

SUBJECT: Downtown San Francisco Ferry Terminal Expansion Project Update

Recommendation

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

Discussion

The Downtown San Francisco Ferry Terminal Expansion (DFTX) project is being developed by WETA to expand and improve facilities at the existing ferry terminal in downtown San Francisco. The project will include construction of up to three new ferry gates, landside pedestrian circulation improvements, installation of amenities such as weather-protected areas for queuing, and covering of the current "lagoon" area south of the Ferry Building for future use as a staging area for evacuees in the event of a major emergency. The concept design prepared for this project includes only minor changes from the version previously presented to the Board in April 2011. The new gates and amenities will support WETA projects currently under development or under study to provide new ferry service to Richmond, Berkeley, Treasure Island, and other locations.

The DFTX project is currently in the environmental review phase. As the federal and local Lead Agencies, respectively, the Federal Transit Administration (FTA) and WETA are preparing a joint Environmental Impact Statement/Environmental Impact Report (EIS/EIR) to satisfy the requirements of the National Environmental Policy Act (NEPA) and the California Environmental Quality Act (CEQA) for the project. To date, WETA has met regularly with numerous project stakeholders, developed a conceptual design for the proposed project, and completed the required NEPA/CEQA public scoping process for the project.

The next step in the environmental review process will be to release a Public Draft EIS/EIR for comment. As early as May 2013, interested agencies and the public will have an opportunity to submit comments on the Public Draft EIS/EIR, which identifies potential project impacts and possible mitigation measures, during a 60-day review period. At the end of this review period, WETA begin work to prepare a Final EIS/EIR incorporating and addressing all comments received. Staff expects to complete the NEPA/CEQA environmental review process for the DFTX project by spring 2014. Phased construction of the project could begin as early as 2015.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

MEMORANDUM

TO: Board Members

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

**SUBJECT: Authorize the Release of Request for Proposals for the Phase 0
Construction Contract for the North Bay Maintenance and
Operations Facility**

Recommendation

Authorize the release of Requests for Proposals for the Phase 0 Construction Contract for the North Bay Maintenance and Operations Facility.

Background

The North Bay Maintenance and Operations Facility project is divided into three construction phases:

- **Phase 0 - Site Preparation, Demolition and Environmental Clean-up:** 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.
- **Package 1 - 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, and 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.
- **Package 2 - Waterside Improvements:** The waterside improvements include three new full-service berths and one additional berth designated as a maintenance 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.

Construction management services were procured via a request for qualification process. The construction management contract was awarded to Weston Solutions Inc. at the February 7, 2013 Board meeting. Construction management tasks are underway. WETA staff will administer the construction contract procurement process with the assistance of Weston Solutions Inc., the project construction manager and GHD, the project engineer. The request for proposal process will be used for the remaining two construction contracts as design build projects.

Discussion

Staff is requesting authorization to release the requests for proposal for the Phase 0 Construction Contract for the North Bay Maintenance and Operations Facility.

This initial phase of the proposed project will consist of the preparation work, demolition, hazardous materials abatement and environmental clean-up required for the Building 165 site prior to implementation of the Package 1 Landside improvements. This work will include the following main components:

- Hazardous materials abatement and environmental clean-up of Building 165.
- Preparation of Building 165A for reuse including remediation of identified hazardous materials.
- Demolition of Buildings 855 and 971 including foundations, below-grade piping and utilities and removal of demolition debris from site.
- Remove existing site features including a propane tank, electrical transformers, concrete slabs and foundations, piping, bollards, guard posts, fencing and related appurtenances.
- Remove various concrete pads, piping and related appurtenances to below existing grade. Remove or cap various utility lines where in conflict with Package 1 - Landside improvements.
- Remove approximately 40 lineal feet of quay wall fendering (timber whalers and fender piles) and abandoned electrical conduit on face of quay wall at location of gangway access portal (Package 2 – Waterside Improvements).
- Replace existing sanitary sewer line under future fuel tank storage area.

All contractors hired will be required to comply with the mitigation and monitoring requirements identified in the CEQA Initial Study/Mitigated Negative Declaration adopted by the City of Vallejo in 2011. These include measures related to biological resources, cultural resources, geology and soils, hazardous materials, and hydrology and water quality.

Selection of contractor will be based on qualifications, financial capacity, ability to meet project schedule, cost, and related factors. If approved, staff would plan to issue the RFP in April and return to the Board in June for contract award.

Fiscal Impact

The release of these documents does not commit the agency to make an award, which will be the matter of subsequent Board actions. This phase of the project is included in the FY 2012/13 capital budget and will be funded with State Transportation Improvement Program (STIP) funds and Prop 1B funds

END