WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

Members of the Board

Jody Breckenridge, Chair
Jeffrey DelBono
Timothy Donovan
Anthony J. Intintoli, Jr
Jim Wunderman

BOARD OF DIRECTORS' MEETING
Thursday, October 1, 2015 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 sanfranciscobayferry.com/weta.

AGENDA

1. CALL TO ORDER – BOARD CHAIR

2. PLEDGE OF ALLEGIANCE/ROLL CALL

3. REPORT OF BOARD CHAIR — ***Information***

4. REPORTS OF DIRECTORS — ***Information***

5. REPORTS OF STAFF — ***Information***
   a. Executive Director's Report
   b. Monthly Review of Financial Statements
   c. Legislative Update

6. CONSENT CALENDAR — ***Action***
   a. Board Meeting Minutes – September 3, 2015
   b. Approve Amended and Restated Clipper® Memorandum of Understanding with Metropolitan Transportation Commission and Bay Area Transit Operators

7. APPROVE CONTRACT AWARD TO VORTEX MARINE CONSTRUCTION, INC. FOR MARINE CONSTRUCTION SERVICES FOR THE HARBOR BAY PILING REPLACEMENT PROJECT — ***Action***

8. APPROVE THE AWARD OF A SOLE SOURCE CONTRACT TO VALLEY POWER SYSTEMS NORTH, INC. FOR TAURUS MAIN ENGINE OVERHAUL PROJECT — ***Action***

9. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

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.

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.

WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

M E M O R A N D U M

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: October 1, 2015

RE: Executive Director's Report

<u>CAPITAL PROJECT IMPLEMENTATION UPDATE</u>

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 vessels. In December 2013, the Board of Directors approved the contract award to Aurora Marine Design (AMD) for vessel construction management services. The Request for Proposal to construct two new passenger-only vessels was released on September 26, 2014. The Board approved a contract with Kvichak Marine Industries in April 2015 for the construction of two new replacement vessels.
Design and engineering work is underway, main engines for both vessels have been ordered. The first aluminum orders for construction were delivered in late August. Vessel construction began in early September with engine room hull modules beginning assembly.

***Peralta* Mid-Life Refurbishment -** The ferry vessel *Peralta* was acquired by WETA from the City of Alameda in April 2011 through the transition of the Alameda Oakland Ferry Service to WETA. Built in 2001 by Nichols Brothers Boat Builders, the *Peralta* has been in service for 13 years and has reached its economic mid-life. This refurbishment project consists of replacing or overhauling the main engines, refurbishment of the passenger cabin, hull work, major system renovation, and replacement of control systems and navigation electronics and will extend the useful life of the vessel to the expected full 25 years.

The refurbishment project is separated into two phases. The Phase 1 scope of work includes refurbishment of main engines, generators and gear boxes, installation of new steering hydraulic pumps and rams, passenger cabin renewal including refurbishment of the restrooms, new carpets, vessel drydock, interior vessel paint, provision of spare gearbox, propellers and shafts. Bay Ship & Yacht completed Phase 1 work in mid-2015

Phase 2 will include replacement of all control systems and navigation electronics, snack bar renewal, and exterior cabin paint.

Vallejo Ferry Terminal Maintenance Dredging – This project will dredge the Ferry Terminal basin and refurbish the passenger float. The last maintenance dredging episode occurred in 2011; the basin has silted and requires maintenance dredging. CLE Engineering was awarded a contract to assist staff with permitting and project management on October 16, 2014. All permit applications have been submitted, with no delays expected. The Board awarded a contract for the work to Vortex Marine Construction in August 2015 and the work is expected to begin in September and to be completed during the Fall 2015 in-water construction window for the project area. The temporary passenger float has been deployed and refurbishment work on the primary float has begun. Dredging is scheduled for October 1-7.

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 two phases. The landside phase includes site preparation and construction of a new fuel storage and delivery system along with warehouse and maintenance space. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities.

The Board of Directors awarded a design-build contract for the landside phase to West Bay Builders, now Thompson Builders, in August 2013. Landside construction is substantially complete. Remaining tasks for the landside construction phase include commissioning and testing of systems that run between the landside and waterside portions of the project.

The Board of Directors awarded a design-build contract for the waterside construction phase to Dutra Construction in July 2014. Final design of the waterside phase is complete. The Navy NEPA environmental review work for the waterside portion of the project is complete and WETA entered into a lease with the Navy for the project area submerged lands on July 15, 2015. All required permits for the waterside construction phase of the project have been received. Pile driving activities began the week of August 3, 2015 and were completed on September 2, 2015. A total of 23 piles were driven over a 4 week period. Fabrication of the floats is underway and the floats are anticipated to be delivered to the site in October or November. After the floats are delivered, the construction contractor will begin installation of the superstructure and utility systems.

Regional Passenger Float Construction – This project will construct a new regional spare float that can be utilized as a backup 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 will support ongoing daily services and will be a valuable asset to have available for use in unplanned or emergency conditions. Ghirardelli Associates Inc. was selected as the project construction manager. Procurement of the passenger float construction contract was combined with the North Bay Operations and Maintenance Facility Project construction contract. The Request for Proposals for the project was released on February 28 and the construction contract was awarded to Dutra Construction on July 10, 2014. Final design was completed in December 2014. Float fabrication was completed in Portland, Oregon. Construction of aluminum ramping is nearing completion. The float was launched the week of August 25 and is anticipated to be delivered to the Bay Area by the end of September. The superstructure and ramping will be installed at Dutra's yard in Alameda.

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.

On June 4, 2015, the Bay Conservation and Development Commission (BCDC) voted to approve a Major Permit for construction of the project. Staff is proceeding to complete remaining design work and permitting for the project prior to requesting authorization from the WETA Board to release construction bid documents for the project later this year. Staff has reached out to the Building Trades Council of Alameda County to initiate discussions regarding developing a Project Labor Agreement for this project utilizing the Model Agreement adopted by the WETA Board in December 2013.

Staff is also advancing work to provide a replacement harbor seal haul-out in conjunction with this project. A conceptual design and implementation plan has been developed in coordination with a working group consisting of Alameda community members, City staff, and a marine mammal expert. A request has been submitted to BCDC to amend the project permit to allow for construction of the proposed replacement harbor seal haul-out.

Downtown San Francisco Ferry Terminal Expansion Project – This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and existing 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.

A Notice of Availability for the Final EIS/EIR and FTA's Record of Decision were published in the Federal Register in September 2014. The WETA Board certified the Final EIR in October 2014, and project plans and specifications are under development. A Memorandum of Understanding with the Port of San Francisco defining roles and responsibilities for project design development was executed in May 2015. On July 1st, the project was presented to the San Francisco Historic Preservation Commission for design review. In July, the USACOE issued a permit to proceed with in-water geotechnical sampling work in support of the project. At its September meeting, the BCDC Design Review Board (DRB) recommended advancing the Downtown project to the full commission.

SERVICE DEVELOPMENT UPDATE

Richmond Ferry Service – This service will provide an alternative transportation link between Richmond and downtown San Francisco. The conceptual design includes plans for replacement of an existing facility (float and gangway) and a phased parking plan. The WETA Board adopted a Funding Agreement and Memorandum of Understanding with the Contra Costa Transportation Authority at its March 2015 meeting that funds the operation for a minimum period of 10 years.

Staff is currently working with the FTA on completion of the NEPA environmental review. The NEPA document is anticipated to be complete in the next one to two months. Consultation with the State Historic Preservation Office and National Marine Fisheries Service is complete. Terminal design activities have begun and staff has held initial meetings with the BCDC. The BCDC DRB recommended advancing the project to the full BCDC commission at a meeting on September 2015. The DRB was pleased with design revisions presented in response to the earlier feedback and offered minor additional comments. Staff is coordinating with City of Richmond staff for review by the City's DRB. Staff is also coordinating with City staff to draft the lease agreement for the project. Efforts for vessel procurement to support the Richmond service are underway.

Treasure Island Service – This project, which will be implemented by the Treasure Island Development Authority (TIDA), the San Francisco County Transportation Authority (acting in its capacity as the Treasure Island Mobility Management Authority) 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. The development agreement states that ferry operations would commence with the completion of the 50^{th} residential unit.

WETA staff is working cooperatively with City of San Francisco staff to support development of this project, including participating in regular meetings of the City's Technical Advisory Committee convened to update and further develop the Treasure Island Mobility Management

Program, which will include new ferry service provided in conjunction with the development project. The City is scheduled to consider adoption of preliminary toll policies in Fall 2015 that will include a financial plan for the Mobility Management Program. Staff has begun negotiation of a Memorandum of Understanding (MOU) with the City that would set forth the terms and conditions under which WETA would operate the future Treasure Island ferry service. The finalization and execution of an MOU for the Treasure Island service would be subject to consideration by the WETA Board.

Berkeley Environmental Studies – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. Staff has coordinated with FTA staff to discuss the process for completion of the Final EIS/EIR. FTA has recently expressed that it will not be able to complete the NEPA process and issue a Record of Decision because a long-term operational funding source is not available for the service.

SYSTEM STUDIES

Alameda Terminals Access Study – 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 on to adjacent streets and informal parking lots. WETA is partnering with City of Alameda staff to prepare plans to address the immediate issue and identify mid- to long-term solutions. In response to WETA staff activity, the City of Alameda Transportation Commission formed its own Ad Hoc Subcommittee to investigate improvements for ferry terminal access. In addition to Transportation Commission members and City of Alameda staff, the Subcommittee also includes WETA staff and representatives from AC Transit and local community organizations.

One of the original intents of the WETA Access Plan was to engage agency partners in finding access solutions. The formation of the Ad Hoc Subcommittee represents a success of the planning effort: the City of Alameda is engaged and is helping to improve access to ferry services for its residents. AC Transit has also developed proposals for service to Main Street to share with the Subcommittee. During this time, WETA staff has put access plan activities on hold to work collaboratively with the City and other partners to focus on parking strategies. The plan will restart with a fresh focus on alternative modes such as buses, shuttles, bicycles and pedestrian improvements after the Main Street overflow parking issue is considered by the Subcommittee. It is anticipated that the Access Plan will be released before the end of the calendar year.

Alameda Seaplane Lagoon Study - The City of Alameda has proposed a new ferry terminal located along Seaplane Lagoon on the former Naval Air Station at Alameda Point. Consistent with terms of the 2011 Transition Agreement executed between WETA and the City of Alameda, both parties have been working together to explore the viability of a new ferry service connecting Seaplane Lagoon and San Francisco over the past year.

Staff has been working with the City of Alameda on a draft a Memorandum of Understanding (MOU) that would set forth the terms and conditions under which a Seaplane Lagoon Ferry Service would be implemented, including construction of new facilities and service operations. However, the City's designated developer of the Sea Plane Lagoon property -- Alameda Point Partners -- has elected to explore using a private sector operator and private development for the Seaplane Lagoon ferry terminal through the release of a Request for Proposals (RFP) for ferry operations in September. Responses to the RFP are expected the week of September 21st.

Mission Bay Ferry Terminal – The NBA Champion Golden State Warriors basketball team has identified a preferred arena site at the foot of 16th Street in the Mission Bay neighborhood of San

Francisco. A Mission Bay ferry terminal has been identified in both WETA and City of San Francisco planning documents as a potential future infrastructure investment but no significant planning or development work has been conducted to date and no funding exists to develop this as a terminal site. The Warriors and the City released an Environmental Impact Report for the proposed arena in early June, 2015, that does not consider a new ferry terminal or ferry service as a part of its project.

Site Feasibility Studies – Site feasibility reports have been prepared in cooperation with the cities of Hercules, Martinez, Antioch and Redwood City in an effort to identify site constraints and design requirements and better understand project feasibility and costs associated with development of terminals and services to these cities. The Contra Costa County Transportation Authority, as the county transportation planning and funding authority, has utilized this information to develop a Financial Feasibility of Contra Costa Ferry Service Report (completed June 2014) to assess the feasibility of implementing ferry services in the county. The report concludes that of the candidate ferry terminals in Contra Costa County, only the Richmond project is financially feasible at this time.

OTHER

Emergency Response Activities Update – WETA's enabling legislation, SB 976 as amended by SB 1093, directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. Staff is currently working on several emergency response related activities:

> External and Internal Emergency Plan Updates: WETA's external Emergency Water Transportation System Management Plan (EWTSMP) was published and approved in 2009. Navigating Preparedness Associates is assisting staff with evaluating existing plans and capabilities and updating WETA's internal and external emergency response plans. The external draft plan has been reviewed by staff and is undergoing a second revision. This plan has been developed to guide the agency's provision of emergency services in a catastrophic event (such as a major earthquake on the southern Hayward or San Andreas faults) that necessitates a Governor's Proclamation of Emergency and a Stafford Act Disaster Declaration. The agency's internal Emergency Operations Plan, is an appendix to the external plan and will address all other transportation incidents or required changes in service levels. Staff anticipates completion of both plans by the beginning of next year.

> Yellow Command Urban Shield 2015 Exercise: Yellow Command is a law enforcement annual functional exercise for emergency operation centers (EOCs) throughout the Bay Area to activate and collaborate through the California Office of Emergency Services (CalOES) Coastal Region EOC (REOC) per the Standardized Emergency Management System. WETA's objectives for this exercise include evaluating coordination with the Coastal Region EOC and U.S. Coast Guard regarding coordination of resources through a liaison in the Coastal Region EOC, assessing WETA's ability to receive and fulfill a request to transport first responders, partially activating the WETA EOC, and transit service suspension and resumption. The exercise took place on September 11. WETA staff partially activated WETA's EOC at Pier 9, and a staff member was also provided as a liaison to the CalOES REOC in Walnut Creek. The exercise went well and allowed staff to practice implementing emergency services as well as coordinating and communicating with partner agencies in a fast paced environment. An After Action Report and Improvement Plan has been developed and improvement items will be implemented over the next year.

San Francisco Fleet Week 2015 Exercise: San Francisco Department of Emergency Management (SFDEM), in partnership with the San Francisco Center for Humanitarian Assistance Disaster Response and the Port of San Francisco, is planning a defense support of civil authorities (DSCA) full scale exercise drill aimed at bringing together area leaders and first responders with the Department of Defense and Homeland Security services to test disaster transportation and logistics strategies and improve the preparedness for and response to a catastrophic disaster. The 2015 exercise is focused on logistics of supply movement. WETA has attended all planning meetings and will participate as an observer during the exercise on Monday, October 5, 2015.

Fueling Exercise with MARAD: WETA staff is coordinating with the Maritime Administration (MARAD) to conduct a fueling exercise this winter to check compatibility of fueling hoses between the MARAD and WETA fleets and fendering requirements for WETA vessels. A planning meeting with WETA, Blue & Gold and MARAD staff has been scheduled for October 13. Staff will keep the Board updated on the selected date for the exercise.

Vallejo Ticket Office Management Transfer - On July 1, management of the Vallejo Ticket Office (VTO) was successfully transferred from SolTrans to Blue and Gold Fleet. The transfer is the first step in the evolution of the VTO into a SF Bay Ferry Customer Service Center that will receive and respond to SFBF system wide customer questions submitted via email, phone, or internet.

Coast Guard Manning Requirements - Blue and Gold Fleet, our contract operator, was recently informed by the U.S. Coast Guard of a proposed change to the manning requirements of small passenger vessels operating in the San Francisco Bay including WETA vessels operated by Blue and Gold Fleet. Changes proposed would increase the deckhand requirement for WETA's vessels over 149 passengers and would result in an estimated $2 million annual cost increase to WETA's operation. The bulk of this increase would impact the Vallejo service, which would be required to man vessels with twice as many deckhands as is required today. Staff has reached out directly to the Coast Guard to request additional information regarding their work and analysis supporting this recommendation and to request a consultative process to review and discuss any changes that might be made. On May 27, Nina Rannells, Keith Stahnke, Marty Robbins of Fast Ferry Management and representatives from Blue & Gold Fleet met with United States Coast Guard staff to receive a presentation regarding their work to date and begin the consultative process on this initiative. WETA staff and Blue & Gold Fleet prepared a draft response as requested by the USCG. Initial feedback is the draft letter has provided adequate detail on safety, risks and mitigations for vessels to operate at the current manning levels. Staff was informed that a written request for letters for each vessel inspection file is forthcoming. In addition the 2005 risk assessment for the four North Bay vessels in Vallejo service was located and the only action required is to confirm that any subsequent changes to systems or equipment do not impact the risk assessment findings.

Senate Bill 231 – SB 231 (Gaines), that qualifies ferries for certain grant programs funded with cap and trade funds, was approved by the Governor on September 9, 2015. This bill makes ferries eligible for both the Affordable Housing and Sustainable Communities Program (AHSC), which was created in the 2014-15 budget to spend 20% of the cap and trade money, and the Low Carbon Transit Operation Program (LCTOP).

Senate Bill X1-7 and Assembly Bill X1-8 – SB X1-7, introduced by Senator Allen, and AB X1-8, introduced by Assembly Members Chu and Bloom, are identical measures. These bills would increase the sales and use tax on diesel fuel from 1.75% to 5.25%, beginning July 1, 2016.

This tax increase is expected to generate approximately $300 million to support public transit's capital maintenance and expansion needs as well as operational needs.

If enacted, WETA's system-wide fuel cost would increase by approximately $79,000, based upon current usage, and WETA would receive an estimated .additional $900,000 in State Transit Assistance (STA) funds, based upon the current STA formula.

MEETINGS AND OUTREACH

On September 9, Nina Rannells made a presentation to the Programming and Allocations Committee of the Metropolitan Transportation Commission on WETA's services, ridership and capacity challenges.

On September 9, Board member Intintoli and Nina Rannells made a presentation to the Solano County Transportation Authority regarding the status of WETA's ferry services, plans and projects.

On September 11, WETA staff participated in the Urban Shield Yellow Command 2015 emergency response exercise.

On September 14, Kevin Connolly and Mike Gougherty presented the Downtown San Francisco Ferry Terminal Expansion Project to the BCDC Design Review Board.

On September 14, Kevin Connolly and Chad Mason presented the Richmond Terminal Project to the BCDC Design Review Board.

On September 16, Nina Rannells attended "Sink or Swim" - a BCDC conference on adapting to rising tides in the San Francisco Bay.

On September 21, Nina Rannells attended the ribbon cutting ceremony for the refurbished maintenance and operations facility for the SolTrans bus system in Vallejo.

On September 22, Lauren Gularte attended the final planning meeting for the San Francisco Fleet Week exercise on Monday October 5.

OPERATIONS REPORT

Extra Services During BART Transbay Closures - On August 1 and 2 and September 5-7, BART Transbay Tube operations were suspended to permit track repairs to a critical section of track near the West Oakland BART station. In preparation for this disruption, staff worked to develop an expanded service schedule to San Francisco to accommodate anticipated increased passenger demand, doubling trips provided between the East bay and San Francisco and providing one additional round trip between Vallejo and San Francisco. Ridership for the August weekend was almost double that of the previous weekend at approximately 20,000. Ridership during the September closure was similarly strong, with approximately 30,000 passenger trips provided over the three-day holiday weekend.

Monthly Operating Statistics - The Monthly Operating Statistics Reports for August 2015 is provided as Attachment A.

Attachment A

Monthly Operating Statistics Report
August 2015

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide
Ridership	vs. last month	Total Passengers August 2015**	128,333	25,534	9,924	94,126	257,917
		Total Passengers July 2015	116,219	27,209	10,661	96,806	250,895
		Percent change	10.42%	-6.16%	-6.91%	-2.77%	2.80%
	vs. same month last year	Total Passengers August 2015**	128,333	25,534	9,924	93,386	257,177
		Total Passengers August 2014	94,160	20,405	7,979	82,180	204,724
		Percent change	36.29%	25.14%	24.38%	13.64%	25.62%
	vs. prior FY to date	Total Passengers Current FY To Date	244,552	52,743	20,585	190,932	508,812
		Total Passengers Last FY To Date	192,489	42,515	16,021	171,254	422,279
		Percent change	27.05%	24.06%	28.49%	11.49%	20.49%
		Avg Weekday Ridership August 2015	3,980	1,216	473	3,375	9,044
Ops Stats		Passengers Per Hour	239	185	61	153	177
		Revenue Hours	538	138	163	615	1,454
		Revenue Miles	6,206	3,034	2,593	16,742	28,575
Fuel		Fuel Used (gallons)	44,505	11,841	15,338	140,378	212,062
		Avg Cost per gallon	$1.98	$1.98	$1.98	$1.93	$1.95

* *Vallejo ridership includes ferry + 5906 Route 200 bus passengers.*
** *August 2015 boardings include BART closure ridership for Alameda/Oakland and Vallejo services, August 1 & 2*

AGENDA ITEM 5b
MEETING October 1, 2015

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2015/16 Financial Statements for Two Months Ending August 31, 2015

Recommendation
There is no recommendation associated with this informational item.

Summary
This report provides the attached FY 2015/16 Financial Statements for two months ending August 31, 2015.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenue	2,731,611	2,464,355	3,355,206
Local Bridge Toll Revenue	2,223,713	3,248,664	1,646,018
Other Revenue	500	96,575	325
Total Operating Revenues	**4,955,824**	**5,809,594**	**5,001,549**
Expenses - Year To Date:			
Planning & Administration	295,179	509,589	380,283
Ferry Services	4,660,645	5,300,005	4,621,267
Total Operatings Expenses	**4,955,824**	**5,809,594**	**5,001,549**
System-Wide Farebox Recovery %	**59%**	**46%**	**73%**

Capital Acutal and % of Total Budget

	YTD Acutal	% of FY 2015/16 Budget
Revenues:		
Federal Funds	91,308	0.30%
State Funds	597,676	2.42%
Bridge Toll Revenues	81,638	0.65%
Other Local Funds	10,755	0.31%
Total Capital Revenues	**781,377**	**1.10%**
Expenses:		
Total Capital Expenses	**781,377**	**1.10%**

Fiscal Impact
There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Two Months Ending 08/31/2015

% of Year Elapsed *17.0%*

		Year - To - Date			Budget	
	Current Month	**FY2014/15 Actual**	**FY 2015/16 Budget**	**FY 2015/16 Actual**	**FY 2015/16 Total**	**% of Total**
OPERATING EXPENSES						
PLANNING & GENERAL ADMIN:						
Wages and Fringe Benefits	93,507	195,484	256,153	192,122	1,508,000	12.7%
Services	31,480	66,451	252,756	187,107	1,488,000	12.6%
Materials and Supplies	285	567	4,756	3,672	28,000	13.1%
Utilities	2,267	421	3,907	2,983	23,000	13.0%
Insurance	-	18,335	3,907	-	23,000	0.0%
Miscellaneous	5,180	9,280	20,384	5,619	120,000	4.7%
Leases and Rentals	23,736	45,808	51,129	47,520	301,000	15.8%
Admin Overhead Expense Transfer	(29,808)	(41,165)	(83,403)	(58,741)	(491,000)	12.0%
Sub-Total Planning & Gen Admin	**126,647**	**295,179**	**509,589**	**380,283**	**3,000,000**	**12.7%**
FERRY OPERATIONS:						
Harbor Bay FerryService						
Purchased Transportation	126,870	230,415	310,391	273,234	1,827,300	15.0%
Fuel - Diesel & Urea	23,491	75,079	78,307	56,264	461,000	12.2%
Other Direct Operating Expenses	17,736	52,349	84,830	52,703	499,400	10.6%
Admin Overhead Expense Transfer	5,142	7,526	13,929	10,110	82,000	12.3%
Sub-Total Harbor Bay	**173,239**	**365,368**	**487,456**	**392,310**	**2,869,700**	**13.7%**
Farebox Recovery	***66%***	***51%***	***41%***	***61%***	***41%***	
Alameda/Oakland Ferry Service [1]						
Purchased Transportation	526,759	1,003,495	995,796	1,005,471	5,862,350	17.2%
Fuel - Diesel & Urea	88,289	277,477	268,052	202,324	1,578,050	12.8%
Other Direct Operating Expenses	60,869	114,790	205,025	123,199	1,207,000	10.2%
Admin Overhead Expense Transfer	13,596	15,728	37,200	26,675	219,000	12.2%
Sub-Total Alameda/Oakland	**689,513**	**1,411,490**	**1,506,073**	**1,357,669**	**8,866,400**	**15.3%**
Farebox Recovery	***74%***	***63%***	***50%***	***80%***	***50%***	
Vallejo FerryService [1]						
Purchased Transportation	767,005	1,311,878	1,570,480	1,684,786	9,245,570	18.2%
Fuel - Diesel & Urea	271,478	906,548	857,948	551,810	5,050,820	10.9%
Other Direct Operating Expenses	74,147	163,290	251,238	163,619	1,479,060	11.1%
Admin Overhead Expense Transfer	5,001	8,224	15,288	10,012	90,000	11.1%
Sub-Total Vallejo	**1,117,631**	**2,389,940**	**2,694,953**	**2,410,227**	**15,865,450**	**15.2%**
Farebox Recovery	***88%***	***65%***	***51%***	***79%***	***51%***	
South San Francisco FerryService						
Purchased Transportation	137,537	311,472	393,725	322,294	2,317,900	13.9%
Fuel - Diesel & Urea	30,427	112,262	107,438	71,891	632,500	11.4%
Other Direct Operating Expenses	16,586	60,426	93,374	54,931	549,700	10.0%
Admin Overhead Expense Transfer	6,070	9,687	16,986	11,945	100,000	11.9%
Sub-Total South San Francisco	**190,620**	**493,847**	**611,524**	**461,061**	**3,600,100**	**12.8%**
Farebox Recovery	***36%***	***21%***	***20%***	***31%***	***20%***	
Total Operating Expenses	**2,297,650**	**4,955,824**	**5,809,594**	**5,001,549**	**34,201,650**	**14.6%**
OPERATING REVENUES						
Fare Revenue	1,678,488	2,731,611	2,464,356	3,355,206	14,507,900	23.1%
Local - Bridge Toll	618,836	2,223,713	3,248,664	1,646,018	19,125,200	8.6%
Local - Alameda Tax & Assessment	-	-	96,576	-	568,550	0%
Local - Other Revenue	325	500	-	325	-	0%
Total Operating Revenues	**2,297,650**	**4,955,824**	**5,809,594**	**5,001,549**	**34,201,650**	**14.6%**

[1] *August 2015 - Board approved Operating Budget increase totaling $825,200 to support Service Enhancements.*

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Two Months Ending 8/31/2015

Project Description	Current Month	Project Budget	Prior Years Actual	FY2015/16 Budget	FY2015/16 Actual	Future Year	% of Total Project Budget
CAPITAL EXPENSES							
FACILITIES:							
Maintenance and Operations Facilities							
North Bay Operations & Maintenance Facility	181,327	31,082,000	17,978,666	13,103,334	195,593	-	58%
Central Bay Operations & Maintenance Facility	297,257	45,600,000	3,182,898	14,317,102	303,065	28,100,000	8%
Float Rehabilitation/Replacement							
Regional Spare Float Replacement	8,798	3,862,000	1,457,429	2,404,571	8,798	-	38%
Replace Mooring Piles - Harbor Bay Float	1,404	450,000	-	450,000	1,404		
Terminal Improvement							
Electronic Bicycle Lockers	-	79,500	-	79,500	-	-	0%
Channel Dredging - Vallejo Ferry Terminal [1]	12,762	1,900,000	57,854	1,842,146	20,009	-	4%
Terminal Access Improvement	-	250,000	-	250,000			0%
FERRY VESSELS:							
Major Component Rehabiliation / Replacement							
Vessel Engine Overhaul - Gemini Class Vessels	-	1,320,000	777,927	542,073	-	-	59%
Selective Catalyst Reduction (SCR) System Overhaul	-	1,400,000	-	700,000	-	700,000	0%
Major Component & Waterject Rehab - Intintoli	-	2,860,000	-	2,860,000	-	-	0%
Major Component Rehabiliation - Solano	-	430,000		430,000			0%
Vessel Mid-Life Repower/Refurbishment							
Vessel Mid-Life Refurbishment - Peralta	11,276	5,260,000	3,373,932	1,886,068	11,556	-	64%
Vessel Quarter-Life Refurbishment - Gemini	10,031	2,400,000	-	2,400,000	10,031		0%
Vessel Expansion/Replacement							
Purchase Replacement Vessel - Express II & Encinal	73,001	33,951,000	3,227,001	17,086,999	77,273	13,637,000	10%
Purchase Replacement Vessel - Vallejo	562	21,052,000	387	4,999,613	749	16,052,000	0%
CAPITAL EQUIPMENT / OTHER:					-		
Purchase Heavy Duty Forklift	-	120,000	-	120,000	-	-	0%
Purchase Utility Vehicles	-	35,000	-	35,000	-	-	0%
SERVICE EXPANSION:							
Environmental Studies / Conceptual Design							
Berkeley Terminal - Environ/Concept Design	-	2,335,000	2,186,799	148,201	-	-	94%
Terminal/Berthing Expansion Construction							
Downtown Ferry Terminal Expansion - South Basin	100,206	79,580,000	3,269,602	4,180,398	103,394	72,130,000	4%
Richmond Ferry Terminal	41,287	17,062,500	791,931	1,240,569	49,505	15,030,000	5%
Expansion Ferry Vessels							
Richmond Ferry Vessels - 2 each		42,000,000	-	2,000,000		40,000,000	0%
Total Capital Expenses	**737,911**	**293,029,000**	**36,304,428**	**71,075,573**	**781,377**	**185,649,000**	
CAPITAL REVENUES							
Federal Funds	76,230	65,275,756	9,114,783	30,289,489	91,308	25,871,485	14%
State Funds	573,393	166,257,383	22,272,394	24,660,205	597,676	119,324,784	14%
Local - Bridge Toll	78,601	54,815,921	3,467,192	12,622,848	81,638	38,725,881	6%
Local - Alameda Sales Tax Measure B	9,406	5,079,940	1,450,059	2,263,031	10,474	1,366,850	29%
Local - Alameda TIF / LLAD	281	450,000	-	90,000	281	360,000	0%
Local - San Francisco Sales Tax Prop K	-	1,100,000	-	1,100,000	-	-	0%
Local - Transportation Funds for Clean Air	-	50,000	-	50,000	-	-	0%
Total Capital Revenues	**737,911**	**293,029,000**	**36,304,428**	**71,075,573**	**781,377**	**185,649,000**	

[1] *Board approved Project Budget increase of $200,000, from $1.7 million to $1.9 million, in August 2015.*

AGENDA ITEM 5c
MEETING: October 1, 2015

MEMORANDUM

TO: Board Members

FROM: Peter Friedmann, WETA Federal Legislative Representative
Ray Bucheger, WETA Federal Legislative Representative

SUBJECT: WETA Federal Legislative Board Report – September 23, 2015

This report is divided into four sections:

1. Status of Efforts to Pass a Long-Term Surface Transportation Bill – And What that Means for WETA Priorities
2. Political Support for WETA FTA Grant Application
3. Status of Tax Benefit for Transit Commuters
4. Issues with FTA DBE Requirements

Status of Efforts to Pass a Long-Term Surface Transportation Bill – And What that Means for WETA Priorities

Due to the inability of Congress to identify a funding mechanism for a long-term surface transportation bill, DOT is currently operating under a short-term extension of current transportation policy (MAP-21). While DOT's legal authority to spend money is set to expire on October 29, Members of Congress view the "real" deadline for action on a long-term bill to be sometime between July and October 2016, as this is when DOT projects that the Highway Trust Fund will need another cash infusion. Given this 2016 "deadline", there is a lack of urgency on Capitol Hill to spend the political capital needed to pass a long-term bill. This means that while we will continue to work on and off Capitol Hill (lobbying key members of Congress, mobilizing/coordinating with our friends in organized labor, continuing to build coalitions) to get an FHWA ferry formula that is more "WETA-friendly" and to increase the amount of funding dedicated to the FTA ferry grant program, we will likely not see the fruits of these efforts until next year, at the soonest.

Political Support for WETA FTA Grant Application

The FTA issued a Notice of Funding Availability (NOFA) in August for the FTA grant program. For FY2015, $30 million is available. Applications are due on October 2. WETA will be seeking funding for the Downtown San Francisco Ferry Terminal Expansion project. We were successful obtaining FTA grant money during the last round of funding thanks in large part to strong support from the Bay Area Congressional delegation, including Leader Pelosi. Specifically, we were able to get letters of support from Senators Feinstein and Boxer and from nine members of the Bay Area Congressional delegation, and we facilitated Member-level phone calls to the FTA Administrator. We are seeking the same level of political support for this round of funding, and have enlisted the help of our labor union friends. As part of this process, we have briefed members of the Congressional delegation on the details of the project and have helped them understand that the funding request to FTA will help WETA close the current budget gap and allow the agency to begin construction on as soon as August 2016.

Status of Tax Benefit for Transit Commuters
We are continuing to advocate for the provision included the Senate Finance Committee tax "extenders" package that would put commuter tax benefits for transit at the same level as parking. Currently, the tax benefit for transit commuters is $130 per month, but parkers can get up to $250 per month. The provision in the Finance package would make the two benefits equal at $250 per month, through January 1, 2017. We do not expect final passage of the tax package until closer to the end of the year.

Issues with FTA DBE Requirements
In an effort to ensure nondiscrimination in the award and administration of DOT-assisted contracts in the Department's highway, transit, and airport financial assistance programs, the agency is requiring ferry operators to engage in a new process for setting Disadvantaged Business Enterprises (DBE) goals for new vessel construction work in a manner that is similar to that required of bus manufacturers. This new process may result in delays to new vessel construction projects as WETA and other public ferry operators across the country work with FTA to identify realistic levels of DBE participation in the specialized industry of vessel construction. We are exploring the possibility of having DOT build flexibilities into their DBE requirements in order to help with this emerging issue.

END

AGENDA ITEM 6a
MEETING: October 1, 2015

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

(September 3, 2015)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session at the WETA offices at 9 Pier, Suite 111, San Francisco, CA.

1. CALL TO ORDER – BOARD CHAIR
Chair Jody Breckenridge called the meeting to order at 1:03 p.m.

2. PLEDGE OF ALLEGIANCE AND ROLL CALL
Chair Breckenridge led the Pledge of Allegiance. Other directors present were Director Timothy Donovan, Director Anthony Intintoli, and Director Jim Wunderman.

3. REPORT OF BOARD CHAIR
Chair Breckenridge welcomed Director Jim Wunderman to the Board. She noted that Director Wunderman was currently the CEO of the Bay Area Council (BAC) and was familiar with and knowledgeable about the Water Transit Authority (WTA) and its legislative transition to the Water Emergency Transportation Authority (WETA). Chair Breckenridge stated that the BAC had a history of interest in Bay Area transportation and that a BAC report had been instrumental in creating WETA.

Director Wunderman thanked the Board said that the BAC membership included the biggest and fastest growing companies in the Bay Area. He explained that the BAC recognized the importance of water as a transportation mode as well as its importance in emergency response for the region. He said that BAC members, especially those on the peninsula such as Google and Facebook, consider water transit critical for the future and that at the last BAC board meeting a presenter kicked off the meeting with a presentation about the critical need for ferry service. He said that he was excited that Governor Brown had appointed Jody Breckenridge to Chair the WETA because she brought strength and leadership to the Board. He added that he was looking forward to working with WETA and commended the Board and staff on what had been achieved to date.

Director Wunderman also introduced BAC Policy Associate Emily Loper, who he said would be assisting him in bringing resources from the business community and the BAC to further common interests.

4. REPORTS OF DIRECTORS
No reports.

5. REPORTS OF STAFF
Executive Director Nina Rannells shared her written report with the Board and welcomed any questions or comments. She introduced Senior Planner Chad Mason who shared a short video of the launch of the new regional spare passenger float prior to beginning its journey from Oregon to San Francisco. He said that float construction had been completed the prior week by Gunderson Marine in Portland. Mr. Mason explained that the float would serve myriad purposes, including expanding emergency response capacity and as a backup float in Vallejo during the upcoming dredging project.

Ms. Rannells added that the passenger float presently in Vallejo was inherited when WETA assumed operations from the City of Vallejo. She explained that it had been used as a replacement float when the Vallejo terminal had previously been dredged. Construction of the new float, she noted, created opportunities that would further efficiencies and provide a resource across WETA terminals, especially in the event of an emergency.

Mr. Mason also shared an update on the North Bay Operations and Maintenance Facility, noting that the pile driving work which had begun on August 3 had been completed. He explained that the majority of the pile driving had been done with a vibratory hammer and that only two noise complaints had been received on the final day and were resolved the same day with completion of the work. He further explained that these piles would support new floats presently under construction and due to arrive at the facility in October and that they would be outfitted similarly to the new passenger float, with ramping and more complex systems to support fueling.

Director Donovan asked if Building 165 in Vallejo was still part of the plan. Mr. Mason said yes and noted that the Certificate of Occupancy for the building was expected in the coming weeks. Chair Breckenridge pointed out that the North Bay Operations and Maintenance Facility had been envisioned more than eleven years ago by the City of Vallejo and said that its completion was long-anticipated and a major achievement for WETA.

Ms. Rannells reminded the Board that WETA would be participating in the Urban Shield Yellow Command emergency response exercise planned for Friday, September 11. She said that Chair Breckenridge would be in attendance at the Regional Emergency Operations Center (REOC) in Walnut Creek and that Directors Donovan and Intintoli would be at the WETA Emergency Operations Center (EOC) at WETA offices.

Ms. Rannells also reported that she and WETA staff had been working collaboratively with the U.S. Coast Guard on manning requirements for all WETA vessels. She noted that she anticipated a resolution that would support current staffing levels for WETA's services and vessels. Chair Breckenridge noted that the time and work invested in examining manning requirements for the existing fleet would likely provide valuable information for future discussions with the Coast Guard on establishing manning levels for the new, larger, vessels that are currently under construction.

Ms. Rannells advised the Board that WETA would be adding service over the Labor Day holiday weekend due to the scheduled closure of the BART transbay tube. Chair Breckenridge commended staff for their planning to support the BART closure, as well as the outreach to riders and the media about the added service

Director Wunderman asked if staff had issued a press release to encourage more media coverage. Ms. Rannells confirmed that this had been done. She further noted that staff had been invited to speak on KQED's Forum program with Michael Krasny on September 9. She said Manager of Planning and Development Kevin Connolly would be discussing ferry service in the Bay Area on the radio program along with Director Wunderman, speaking on behalf of the Bay Area Council. Director Wunderman said the topic of the upcoming Urban Shield Yellow Command emergency response exercise would be important to include in that discussion as well.

Ms. Rannells advised that she was invited to speak with the Programming and Allocations Committee and the Commission at MTC along with Kathleen Kelly, AC Transit Interim General Manager and Grace Crunican, BART General Manager on Wednesday, September 9. She said the points of discussion would include recent increases in Bay Area transit ridership, what the agencies were doing to address the increased demand in the short term, and ideas being considered to address increased ridership demand in the long-term. She noted that this was an informational discussion meant to inform the Commission as to the issue and potential solutions.

Chair Breckenridge referred the Board to page six of the Executive Director's report noting that based on current fuel usage levels Senate Bill X1-7 and Assembly Bill X1-8 would increase WETA's system-wide fuel costs by approximately $79,000 while increasing State Transit Assistance funding to WETA by about $900,000 using the current STA formula if passed.

Ms. Rannells reported that she had attended an Informational Hearing at MTC on August 21 that had included MTC Executive Director Steve Heminger, Bay Area Council Senior Vice President of Public Policy Michael Cunningham, and SPUR Regional Planning Director Egon Terplan. She said that the running thread was more funding to support Bay Area transportation needs.

Director Donovan asked for an update on the Seaplane Lagoon study for Alameda and if the project was going to be pursued privately. Chair Breckenridge said that WETA was working with the Alameda City staff on the proposed project which was in a waiting period until WETA heard back from the City staff. She reminded the Directors that the project was still exploratory.

Director Donovan asked if there was any update or time estimate on when the fiftieth residential unit on Treasure Island would be built, triggering ferry plans for the island. Mr. Connolly replied that there was a general working assumption that ferry service for the island would be up and running sometime between 2021 and 2022.

Public Comment
Veronica Sanchez of Master, Mates & Pilots said it would be helpful to get a summary of the projects and funding requests WETA was pursuing with MTC and other agencies, so, as stakeholders and supporters, she and her organization might be able to provide some assistance with furthering WETA's objectives. Chair Breckenridge said that such a list was currently in the works and thanked Ms. Sanchez.

Ms. Rannells referred to the Operations Report, Attachment A, and said she wanted to emphasize that ridership increased by 15 percent from July of 2014 to July of 2015 he extended a special thank you to Blue & Gold Fleet for their work supporting such a dramatic increase in ridership growth.

Chair Breckenridge directed the Board's attention to the financial statements and Director Intintoli stated that the farebox recovery on three of the routes was above the MTC threshold and that the numbers for South San Francisco were particularly impressive given the short amount of time it had been operating.

Ms. Rannells referred the Board to Federal Legislative Board Report and pointed out that staff's primary focus at this time was completion of the FTA Ferry Discretionary Grant Program application, due in October.

6. CONSENT CALENDAR

Director Intintoli made a motion to approve the consent calendar which included the Board of Directors meeting minutes of August 24, 2015.

Director Donovan seconded the motion and the consent calendar carried unanimously.

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

7. APPROVE ON-CALL PLANNING, MARINE ENGINEERING AND PROFESSIONAL SERVICE LIST AND CONTRACTS

Mr. Mason presented this item requesting that the Board approve a list of on-call planning, marine engineering and professional services consultants, to be valid for up to five years and authorize the

Executive Director to negotiate and execute individual agreements with these consultants on an as-needed basis in an amount not to exceed $150,000 per agreement per year.

Mr. Mason explained that WETA had initiated a practice of sourcing and securing qualified contractors to provide work in planning, engineering and professional services in 2010. Mr. Mason noted that this had allowed WETA direct access to specialized services and to effectively manage peak workloads on short notice.

Mr. Mason further explained 37 Statements of Qualifications (SOQ) had been received in and all were responsive. Mr. Mason said that the SOQs had not been scored and ranked because of the large number received and the wide variety of highly specialized services presented. He said the contacts would be executed on an as-needed basis and actual expenditures would be authorized on a task order basis within established annual budget limits. Mr. Mason concluded his presentation by confirming that approval of the item did not guarantee any offeror any work.

Ms. Rannells said that this particular SOQ process had proven to be an invaluable tool in augmenting WETA's small staff with professionals to assist staff in planning, program development, and engineering and maintenance of its assets. She added that she was appreciative of the Directors' consideration of the item. Director Donovan clarified with Ms. Rannells that approval of the item would not prohibit the Board from approval of contracts to providers not on the list in the future and Ms. Rannells confirmed that it would not.

Director Donovan made a motion to approve the list as presented. Director Wunderman seconded the motion and the item carried unanimously.

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

Director Donovan made a motion to approve the authorization of the Executive Director to utilize the list as presented in the item. Director Intintoli seconded the motion and the item carried unanimously.

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

8. APPROVE A SOLE SOURCE CONTRACT WITH MARINE JET POWER AB FOR WATERJET SUBCOMPONENT REPLACEMENT PARTS ON *INTINTOLI*

Manager of Operations Keith Stahnke presented the item recommending approval of a sole source contract with Marine Jet Power AB (MJP) for waterjet subcomponent replacement parts on the vessel *Intintoli* and authorizing the Executive Director to negotiate and execute an agreement in an amount not to exceed $477,000.

Mr. Stahnke explained that the sole source procurement was being recommended because there were no other manufacturers of the specific parts needed to maintain and repair the waterjets currently installed on the vessel *Intintoli*. He further noted that MJP had supported the repair and maintenance of the waterjets since 1997, when they were first put into service. Mr. Stahnke explained that the parts would be installed by a shipyard in a competitive Request for Proposal process and that the sole source procurement was set forth in the WETA Administrative Code allowing for procurement of items non-competitively when there was only a single source available and also permitted under Federal regulations.

Chair Breckenridge confirmed that replacement of the waterjets would exceed the cost of the replacement parts to rehab them.

Director Wunderman asked how staff had determined that replacement parts were not available from a manufacturer other than MJP. Mr. Stahnke explained that the *Intintoli* waterjets were manufactured by MJP and that MJP was the sole source globally for their parts. He added that the waterjets could be replaced providing more options for parts procurement but that would be at a much greater cost. Mr. Stahnke further noted that the overhaul of the waterjets would improve overall vessel reliability and reduce operating and maintenance costs.

Director Wunderman asked if the need for the waterjet replacement parts had been anticipated in the capital budget or if it had arisen suddenly. Mr. Stahnke explained that the project had been anticipated and further noted that staff anticipated that the cost for the waterjet overhaul to be offset within four or five years by the vessel's resulting fuel savings. Ms. Rannells pointed out that this and the following item were related to the larger project of routine and major maintenance programs to ensure safe and efficient operations of the WETA fleet.

Mr. Stahnke noted that the request had been released for a shipyard to do the work to be completed by the end of the scheduled maintenance window in February 2016. Ms. Rannells further explained that there were federal funding requirements and restrictions which contributed to the decision to order the parts now and that those required a long lead time and a lot of planning.

Director Wunderman asked how long the work on the waterjets overhaul would take once parts had been received, and Mr. Stahnke said the work was estimated to take 60-70 days. Director Wunderman asked for confirmation that the waterjet overhaul work related to the recommended item would be done at the same time, by the same shipyard, as the following item regarding reduction gear subcomponent replacement. Mr. Stahnke confirmed that all of the work related to Items 8 and 9 on the agenda would be performed by the shipyard simultaneously, and that the shipyard award would also include some additional miscellaneous maintenance work.

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

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

9. APPROVE A SOLE SOURCE CONTRACT WITH ZF MARINE LLC FOR REDUCTION GEAR SUBCOMPONENT PARTS REPLACEMENT ON *INTINTOLI*

Mr. Stahnke presented this item recommending approval of a sole source contract with ZF Marine LLC (ZF) for reduction gear subcomponent parts on *Intintoli* and authorizing the Executive Director to negotiate and execute an agreement in an amount not to exceed $196,000.

Mr. Stahnke explained that ZF had been supporting their repair and maintenance since the vessel was first delivered in 1997. He noted that the upgrades that would be performed with the ZF reduction gear would improve overall vessel reliability and reduce operating maintenance costs. He confirmed that the cost associated with this item was included in the budget

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

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

10. APPROVE CORRECTIVE ACTION PLAN FOR SOUTH SAN FRANCISCO FERRY SERVICE FOR SUBMITTAL TO THE METROPOLITAN TRANSPORTATION COMMISSION

Mr. Kevin Connolly presented this item requesting Board approval of a Corrective Action Plan for South San Francisco service for submittal to the Metropolitan Transportation Commission (MTC) as required.

Mr. Connolly shared the background and history of the South San Francisco service as well as an overview of how the service was currently being evaluated by MTC. He said that MTC required any ferry services that did not meet a farebox recovery of 40 percent by year three of operations to create and submit a Corrective Action Plan (Plan) for the Commission's approval. He noted that the 40 percent requirement was the highest of all modes in the region. Mr. Connolly reviewed the proposed WETA Corrective Action Plan with the Board.

Director Intintoli asked if the constant threat of disruption or cancellation could have a negative effect on South San Francisco ridership and Mr. Connolly said that the concern had been raised with MTC on several occasions.

Chair Breckenridge asked how rail and bus service was measured and Mr. Connolly said it was measured on route and extension.

Mr. Connolly noted that South San Francisco service had more than tripled its ridership during its three years of service and that overall system-wide ridership had grown by 42 percent in the same time period. He further explained that the Harbor Bay service route took 14 years to reach the 40 percent farebox recovery and had about the same return after 10 years of service as the South San Francisco had just after three years of operation.

Director Wunderman asked what loads the South San Francisco vessels were typically seeing and what the numbers would look like if they were operating at capacity. Mr. Connolly said the service was generally served by WETA's 149-passenger vessels and that capacity could be ramped up to support more demand as the service grew by using higher capacity vessels. He said he expected that such a vessel would be needed within about a year if service continued to grow and he was confident that the 40 percent farebox recovery would be met by year eight or nine.

Mr. Connolly said that the South San Francisco service had the highest number of riders who used their bikes to get to the terminal at 43 percent and that many riders also used the San Mateo County operated shuttles to access the terminal. He further noted that the ferry service encouraged transit-oriented development in South San Francisco including over two million square feet of new office and commercial space that was already planned for Oyster Point within the next three years.

Chair Breckenridge said there was potential that the research campus being built in Richmond may provide opportunities for a north/south route that may intelligently feed into the South San Francisco interlining of crews and vessels.

Mr. Connolly said three years for evaluation of a service route was not enough time to measure a service's performance and that 10 years, the number used by the WETA Board and most other agencies, was more realistic. He said WETA would be asking MTC for a redefinition of the performance criteria. Director Wunderman noted that when BART built its extension to the San Francisco Airport, people were worried that it would have no ridership but those concerns were alleviated with farebox recovery and steadily increasing ridership on the route. He requested a better understanding why the ferry system had been held to a higher standard than other transportation systems in the. He said there may be logic in it but the logic most certainly did not work in WETA's favor.

Ms. Rannells noted that another important point to consider when looking at the numbers was that the process, time and investment resources required to create a bus route, which utilizes existing streets and infrastructure, versus creating a ferry service route were very different. Significant time and financial investment went into completing environmental studies, permitting, terminal design and construction and vessel construction to support the implementation of new ferry service to South San Francisco and three years was not enough time to allow for full development of a ridership base. She said all of these things would be a part of the conversation with MTC staff in discussing the future of the service and the Corrective Action Plan.

Public Comment
Michael Setty, a public transportation veteran of 21 years agreed that the three years was not ample time to measure a service.

Public Comment
Ms. Sanchez of Masters, Mates & Pilots said she had been on the WTA staff at the time the performance criteria was decided and that the 40 percent farebox target number was not based on anything real other than a copy and paste into the legislation of the number that had been used for the Vallejo ferry service at the time. She asked Ms. Rannells if there were plans to brief the Programming Committee on the issue before submitting the Corrective Action Plan to the Commission, and Ms. Rannells said there were no plans yet because the initial meeting would be a more informal discussion with MTC staff. Ms. Sanchez said County of San Mateo District 5 Supervisor Adrienne Tissier could be a point person on the Programming Committee for WETA's concern. Chair Breckenridge said that WETA may request future support from Ms. Sanchez and Ms. Tissier and that such requests would be sorted in order of priority along with the other pressing concerns. Chair Breckenridge reiterated that preliminary discussions would take place with MTC staff leading up to the more formal meeting and discussions as a part of the Commission process.

Public Comment
Nathan Nayman of Tideline Marine Group asked if there was any further information about WETA's onboard survey and specifically if there were details about where riders arriving at the South San Francisco terminal originated. Mr. Connolly said he would be happy to provide that information to Mr. Nayman.

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

Yeas: Breckenridge, Donovan, Intintoli, Wunderman. Nays: None. Absent: DelBono.

11. STATUS REPORT ON WETA STRATEGIC PLAN EFFORTS

Chair Breckenridge opened the discussion by providing a brief history of WETA's initial assumption of assets and service routes from various municipalities. She explained that the strategic planning objective grew out of the transition from historically obligated service commitments to recognition of the need for more robust service offerings in response to Bay Area transit demands.

Mr. Connolly presented this informational item on the status of the Strategic Plan. He reminded the Board that the purpose of the Plan was to define a WETA vision for the next 20 years and explained that other planning efforts such as the Short Range Transit Plan, Access Plans, and even seasonal service plans would ultimately be guided by the policy vision established in the final Board adopted Strategic Plan.

Mr. Connolly further noted that efforts on the Plan had begun with the initial presentations and workshops with the Board and the public last spring. He said that the Plan had been shared with various stakeholders and other interested parties for review and feedback. Mr. Connolly provided a detailed list of those stakeholders with whom WETA staff had already met and a list of stakeholders with whom meetings were in the works to discuss the Plan. Mr. Connolly noted that riders would also be involved in future planned information sharing and feedback solicitation.

Mr. Connolly gave the Directors an overall schedule for the Plan progression. He emphasized that in addition to being able to provide more much needed service, a more robust WETA would also provide a more robust emergency response capability, and said that one of the fundamental needs coming to light in the Plan was increased operating funding. He also noted that one of the Plan's primary goals was to seek continuous environmental improvement.

Chair Breckenridge noted that there were some existing barriers to expansion plans with regard to old funding formulas that were still in use today. She said the work on the Plan would assist in assessing how best to move forward on the funding fronts to support expansion and meet service demands, while also assuring WETA's emergency response mandate was honored.

Mr. Connolly advised that he anticipated Board adoption of the Plan in January.

Director Wunderman said it was good that the Board and staff were looking at the Plan and funding objectives holistically. He further noted that one of the initial objectives of creating WETA's emergency response component had been to help drive expansion which would in turn create and support a more robust emergency response capability. Director Wunderman said he had hoped that service would eventually become more expansive than what was needed on a day to day basis, so that the emergency response capabilities would also be expansive. He cautioned that WETA could not be over prepared for a significant regional emergency in the Bay Area.

Director Wunderman explained that the private sector wanted ferry service and they have the resources to support it. He said WETA should be exploring the potential for privately funded ferry services as it was unlikely that WETA would be able to expand service as needed with the existing funding sources because there was too much competition for the money currently available. Chair Breckenridge agreed and pointed out that the private sector was funding infrastructure across the country. She said the Plan would help clarify expansion needs and identify potential funding streams.

Director Wunderman added that an early objective for WETA had been that ferry services would help drive water transit and shoreline-related development. Chair Breckenridge agreed that WETA wanted to be on the front end of planning and development. Ms. Rannells added that a different funding model for WETA would help foster a more proactive approach to service expansion and to general planning and development. Director Intintoli noted that WETA was presently prohibited from holding any funds in reserve for a rainy day and that unused (Regional Measure 2) funds had to be returned. He expressed his appreciation that Director Wunderman had been appointed to the Board and said he looked forward to working with him on the common goal of expanding WETA's funding base in order to expand service and emergency response capabilities.

Director Wunderman thanked Director Intintoli and extended a general invitation to all to join him on October 1 for the next meeting of the Bay Area Council's Ferry Subcommittee which would be attended by MTC's Legislation and Public Affairs Director Randy Rentschler. He said the Bay Area Council had been clear with MTC that things had changed in the Bay Area transit world and that it was important that they take ferry service more seriously than they may have in the past.

12. OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS
No comments.

13. ADJOURNMENT
All business having been concluded, the meeting was adjourned at 2:40 p.m.

Respectfully Submitted,

Board Secretary

AGENDA ITEM 6b
MEETING: October 1, 2015

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amended and Restated Clipper® Memorandum of Understanding with the Metropolitan Transportation Commission and Bay Area Transit Operators

Recommendation

Approve Amended and Restated Clipper® Memorandum of Understanding with the Metropolitan Transportation Commission and participating Bay Area transit operators and authorize the Executive Director to execute the agreement.

Background

Clipper® is the regional automated fare payment system for transit trips in the San Francisco Bay Area. This system is implemented, operated and maintained by Cubic Transportation Systems, Inc., through contract with the Metropolitan Transportation Commission (MTC) on behalf of Bay Area transit operators. This contract expires in November 2019.

In November 2011, a Memorandum of Understanding Regarding Operations and Maintenance of Clipper® Fare Collection System (MOU) was developed and entered into by MTC and the initial participating Bay Area transit operators of the Clipper® system. The Clipper® MOU defines the basic agreements among MTC and participating transit operators with respect to operation of the Clipper® fare payment system, including: MTC's responsibilities (as both the regional funding agency and the contracting agency for Clipper®), transit operators' responsibilities, a process for amending the Clipper® Operating Rules, allocation of operating expenses between MTC and the operators, allocation of operating expenses between the operators and a dispute resolution process. Since 2011, a total of twenty two transit operators have entered into the Clipper® MOU. More than 20 million trips and $44 million in revenue are processed each month on the Clipper® system.

In January 2012, the WETA Board of Directors authorized entering into the MOU in support of efforts to implement Clipper® on San Francisco Bay Ferry's Alameda/Oakland, Harbor Bay and South San Francisco services in June 2012. In November 2014, Clipper® was expanded to SFBF's Vallejo service route, completing implementation on our primary service routes. Approximately 46% of San Francisco Bay Ferry passengers use Clipper® and approximately 44% of our fare revenue is collected through the Clipper® system.

Discussion

MTC and Bay Area transit operators have recently entered into discussion regarding the future management and development of the Clipper® system as the first generation system comes up for replacement and system management needs have evolved. In particular, participating transit agencies identified a desire to have more input and control over the current Clipper® system and plans for the next generation of the Clipper® system. As a part of this discussion, participating agencies have examined the successes and challenges of the program to date and have identified areas in which existing arrangements should be modified or clarified to maximize the benefits to the transit agencies and passengers for the continued expansion, modification, operation and maintenance of the Clipper® program.

The Amended and Restated Clipper® MOU (attached) was developed as a result of these discussions and primarily makes changes to establish the role of a Contracting Agency separate and apart from MTC, establish a Clipper® Executive Board and Executive Director to support joint decision-making, and modify the current Cost and Revenue Allocation formula to more equitably distribute system operating costs.

Clipper® Executive Board and Executive Director

- Establishes a nine-member Executive Board comprised of one representative from each of the six large Bay Area transit operator staffs (SFMTA, BART, Caltrain/SamTrans, AC Transit, Santa Clara Valley Transportation Agency and the Golden Gate Bridge District), MTC and two representatives selected to represent all other participating agencies.

- Establishes a position of the Clipper® Executive Director responsible for coordination of the program among the agencies, oversight of consultants and contractors and management of the goals and work plan adopted by the Executive Board.

- The Executive Board is responsible for developing and evaluating system performance goals, adopting a detailed biennial work plan and budget, designating a "Contracting Agency", and approval of all significant business matters.

Contracting Agency

- Establishes the role of a Contracting Agency to procure, award, manage contracts and carry out the duties and responsibilities necessary for the operation, maintenance, expansion and modification of the Clipper® program

- The Contracting Agency is responsible for holding and managing the Clipper® bank accounts and will act as an agency in trust for the funds deposited by the cardholders for the ultimate use with the Operators and for the benefit of the Operators for funds due.

- The Contracting Agency will be the legal entity providing staff to support the Clipper® program, including a Clipper® Executive Director.

- MTC currently fulfills the role of the Contracting Agency and will continue as the initial Contracting Agency under the Amended MOU. The Executive Board may renew this designation every three years and assign the role to a participating transit agency with the approval of the Contracting Agency and its proposed successor.

Cost and Revenue Allocation Formula

- The cost allocation formula (originally 2/3 transactions and 1/3 revenue) used to allocate regional Clipper® expenses was developed prior to wide scale implementation and full development of the program. WETA currently pays approximately $110,000 through this formula to support the regional Clipper® costs.

- Credit card fees for agencies operating ticket vending or add-value machines outside of the Clipper® gateway are not included in the Clipper® cost model, and are directly assigned and absorbed by those agencies (currently exceeding $2 million annually).

- Agencies have determined that the current allocation formula is not equitable and have developed a revised formula, outlined in Appendix B of the MOU, that aligns actual cost drivers and usage of the system with the allocation amounts. The estimated impact to WETA's Clipper® cost is nominal.

- The proposed change in allocation formula would be phased in, with the addition of agency credit card fees to the regional cost computation effective July 1 2016 and the implementation of the new model effective January 1, 2017.

This new agreement has been fully vetted with MTC and Bay Area transit operators and is recommended for approval by the Board of Directors.

Fiscal Impact
There is no significant fiscal impact associated with the Amended and Restated Clipper® MOU.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-26

APPROVE THE AMENDED AND RESTATED CLIPPER® MEMORANDUM OF UNDERSTANDING WITH THE METROPOLITAN TRANSPORTATION COMMISSION AND BAY AREA TRANSIT OPERATORS

WHEREAS, Clipper® is the regional automated fare payment system for public transit operators and passengers in the San Francisco Bay Area; and

WEREAS, the Water Emergency Transportation Authority executed an agreement with the Metropolitan Transportation Commission on January 13, 2012 to enter into the Clipper® Memorandum of Understanding (MOU) with MTC and participating Bay Area transit operators with respect to operation of the Clipper® fare payment system; and

WHEREAS, the parties have examined the successes and challenges of the program to date and have identified certain areas in which existing arrangements should be modified or clarified; and

WHEREAS, working together, the parties have developed an Amended and Restated Clipper® MOU to make changes and clarifications to the program management and administration to address identified challenges; and

WHEREAS, WETA staff has recommended the approval of the Amended and Restated Clipper® MOU; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves the Amended and Restated Clipper® Memorandum of Understanding with the Metropolitan Transportation Commission and Bay Area transit operators and authorizes the Executive Director to execute the agreement.

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on October 1, 2015.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2015-26

END

8/21/2015

AMENDED AND RESTATED CLIPPER® MEMORANDUM OF UNDERSTANDING

This Amended and Restated Clipper® Memorandum of Understanding (this "MOU") is entered into as of the ____ day of ____________, 2015 (the "Effective Date"), by and among the Metropolitan Transportation Commission ("MTC") and the following transit operators participating in the Clipper® program (referred to herein individually as an "Operator" or collectively as the "Operators"):

> Alameda-Contra Costa Transit District ("AC Transit"); Golden Gate Bridge Highway and Transportation District ("GGBHTD"); the San Francisco Bay Area Rapid Transit District ("BART"); the City and County of San Francisco, acting by and through its Municipal Transportation Agency ("SFMTA"); the San Mateo County Transit District ("SamTrans"); the Santa Clara Valley Transportation Authority ("VTA"); the Peninsula Corridor Joint Powers Board ("Caltrain"); Central Contra Costa Transit Authority; City of Fairfield, as the operator of Fairfield and Suisun Transit; City of Petaluma; Eastern Contra Costa Transit Authority; Livermore/Amador Valley Transit Authority; Marin County Transit District; Napa County Transportation and Planning Agency; Solano County Transit; Sonoma County Transit; Sonoma-Marin Area Rail Transit; Vacaville City Coach; Western Contra Costa Transit Authority; San Francisco Bay Area Water Emergency Transportation Authority; City of Santa Rosa; and City of Union City; and any other transit operators that implement Clipper® and execute a Supplemental Agreement to the MOU.

MTC and the Operators are referred to herein collectively as the "Parties" or individually as a "Party".

Recitals

1. Clipper® (formerly TransLink®) is an automated fare payment system for intra- and inter-Operator transit trips in the San Francisco Bay Area that has been implemented and is currently being operated on Operators' transit systems.

2. MTC entered into a contract (the "Clipper® Contract") with Cubic Transportation Systems, Inc. (the "Clipper® Contractor"), to implement, operate and maintain the Clipper® fare payment system through November 2, 2019.

3. On December 12, 2003, MTC and six of the Operators entered into an interagency participation agreement (the "IPA") to create a forum for joint agency decision-making (the “TransLink® Consortium”) to work towards the successful implementation of the TransLink® automated fare payment system. The IPA was superseded and replaced by a Memorandum of Understanding Regarding Operations and Maintenance of Clipper® Fare Collection System dated November 10, 2011, by and among MTC and, initially, seven of the Operators (the "2011 MOU"). The 2011 MOU delineated, among other things, MTC's responsibilities, including as contracting agency, the Operators' responsibilities, a consultation process for amending the Clipper® Operating Rules, allocation of operating expenses among the Operators and MTC, and a dispute resolution process.

4. The Parties have examined the successes and challenges of the program to date and have identified certain areas in which existing arrangements should be modified or clarified to maximize the benefits to the Parties and Bay Area transit customers of the continued expansion, modification, operation and maintenance of the Clipper® program.

5. The Parties now wish to amend and restate the 2011 MOU in its entirety to clarify their respective roles and responsibilities, define roles and responsibilities for a newly-defined "Contracting Agency," establish a "Clipper® Executive Board," and establish a Clipper® Executive Director to ensure the successful operation and maintenance of Clipper®.

ARTICLE I
Operator Responsibilities

Each Operator agrees to:

A. Implement and operate the Clipper® fare payment system in accordance with the Clipper® Operating Rules, as adopted and amended from time to time, consistent with the consultation and approval process set forth in Appendix A, Process for Amending Clipper® Operating Rules, attached hereto and incorporated herein by this reference. The Clipper® Operating Rules establish operating parameters and procedures for the consistent and efficient operation of Clipper® throughout the region. The current version of the Clipper Operating Rules® is available on MTC's website at http://www.mtc.ca.gov/planning/tcip/.

B. Pay its share of Clipper® costs, including costs of the salary of additional Clipper® staff necessary to support the Executive Board, according to Appendix B, Clipper® Cost and Revenue Allocation, attached hereto and incorporated herein by this reference. Changes to Appendix B require an amendment to the MOU in accordance with Article XI.A.

C. Make its facilities and staff available for implementation and operation of Clipper®. Any Operator and the Contracting Agency may agree to an Operator-specific implementation plan, setting forth specific requirements regarding implementation and operation of Clipper® for such Operator.

D. Make determinations regarding the placement of Clipper® equipment on the Operator's facilities and equipment; perform necessary site preparation; attend Clipper® Contractor training on the use of the Clipper® equipment; and provide training to employees using the equipment.

E. Beginning two years after the effective date of this Agreement, and every two years thereafter, participate in a review of the cost and revenue allocation formula in Appendix B, to support fairness among Operators and to accommodate changes in shared operation costs.

ARTICLE II
MTC Responsibilities

MTC agrees to:

A. Fund a portion of the Clipper® operating and maintenance costs, including costs of the salary of additional Clipper® staff necessary to support the Executive Board, as set forth in Appendix B. Subject to availability of necessary funds, inclusion of projects in the Regional Transportation Plan and Transportation Improvement Program where necessary, and receipt of all necessary Commission approvals, budget appropriations and allocations, MTC will continue to fund capital and Contracting Agency operating costs in the manner that it has funded capital and Contracting Agency operating costs to date, through a dedicated allocation of federal, state and local funds, both discretionary and project designated. Recommended annual capital allocations will be identified in the work plan approved by the Executive Board. (See Article IV.C.4.)

B. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the “Materials") in accordance with federal grant and audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article II.B is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code Section 6250 *et seq*.).

C. Continue to serve as the Contracting Agency (described in Article III), and continue to provide adequate staffing to support the Clipper® program under the direction of the Clipper® Executive Director (described in Article V), until such time as the Executive Board designates, and MTC's Commission approves, the assignment of MTC's duties as Contracting Agency to another Party pursuant to Article IV.D.

D. Employ the initial Clipper® Executive Director (described in Article V). MTC reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the initial Clipper® Executive Director. Selection of a successor Executive Director shall be in accordance with Article III.J.

E. Continue to create and maintain all copyrights and other intellectual property necessary or convenient for the operation of the Clipper® fare payment system and provide any necessary licenses to use such intellectual property to the Contracting Agency, if other than MTC.

F. Enter into supplemental agreements with new operator participants in accordance with Article VI.

ARTICLE III
Contracting Agency Responsibilities

The Contracting Agency agrees to:

A. On behalf of the Parties, procure, award, manage and carry out the duties and responsibilities of the Clipper® program counterparty under all contracts necessary for the expansion, modification, modernization, operation, maintenance, marketing and customer service of the Clipper® fare payment system, including the Clipper® Contract and any successor contract and any contracts for associated professional services for the Clipper® program as a whole.

B. Establish, manage and implement Clipper® Operating Rules in accordance with Appendix A.

C. Provide regular updates (at least quarterly) on the Clipper® program to the Parties.

D. Support the Parties with respect to Articles I.E and II.A by providing system data affecting the cost allocation formula.

E. Own specified Clipper® program capital equipment, as may be required by grant or funding agency rules and regulations, and transfer ownership, to the greatest extent permitted under such rules and regulations, to any successor Contracting Agency.

F. Hold and manage the Clipper® bank accounts and act as an agency in trust for the benefit of the cardholders for funds deposited by the cardholders for the ultimate use on the services provided by the Operators, and for the benefit of the Operators for funds due to Operators until dispersed to such Operators.

G. Conduct an annual contract compliance audit covering Clipper® program revenue collection and allocation and cost allocation responsibilities under the MOU and provide a copy of the complete audit report to all Parties upon conclusion of each such annual audit.

H. Retain all books, papers, records, documents, and other materials pertaining to its responsibilities under Appendix B (the “Materials") in accordance with federal grant and audit requirements and generally accepted accounting principles and make the Materials available to Parties upon request through reasonable means and at reasonable times. Parties may request that Materials be made available for the most recently closed fiscal year during the term of this MOU and for up to one year thereafter; provided, however, that nothing in this Article III.H is intended to limit a Party's rights to obtain records under the California Public Records Act (Government Code Section 6250 *et seq*.).

I. Serve as the Application Issuer and Card Issuer, as those terms are defined in the Clipper® Operating Rules.

J. Engage the Clipper® Executive Director in accordance with Article V. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation, and removal of the Clipper® Executive Director provided that it shall not engage the successor to the initial and successor Executive Directors without the concurrence of the Executive Board. The Contracting Agency shall collaborate with the Executive Board in considering potential candidates for Executive Director.

K. Provide adequate staffing (including program and legal staff) to support the Clipper® program. The Contracting Agency reserves the right to make decisions regarding hiring, promotion, termination, compensation and removal of program staff.

L. Provide necessary logistical and technological support to the Executive Board and any committees thereof, except as provided in Article IV.H.

ARTICLE IV
Clipper® Executive Board

A. Role; Composition. The Parties agree that responsibility for the management of the current Clipper® program, as well as the strategic planning effort to procure and implement a future system on or before the termination of the current Clipper® Contract, shall reside with a Clipper® Executive Board ("Executive Board"). The Executive Board's responsibilities shall be executed in a manner consistent with the Operator, MTC and Contracting Agency responsibilities set forth in Articles I, II and III, respectively. The Executive Board shall be comprised of nine members: one representative each from SFMTA, BART, Caltrain/SamTrans, AC Transit, VTA, GGBHTD and MTC, and two representatives who are selected to represent all other Operators (the "Small Operators") in the sole discretion of the Small Operators. Each representative shall be at the General Manager or Senior Management level.

B. Principles. The Executive Board shall adhere to the following principles:

1. The Clipper® program shall continue as the primary electronic fare collection system for the Operators.

2. Each member of the Executive Board commits to actively advance the continued successful operation, maintenance and growth of the Clipper® program on a cost effective, operationally efficient, and coordinated basis.

3. Promote efforts to reduce the overall cost of the Clipper® system, including operating costs, capital costs and consultant expense.

4. Promote regional efforts to simplify fare structures while protecting revenue levels.

C. Duties. The Executive Board shall undertake the following duties:

1. Meet in accordance with a regular meeting schedule established by the Executive Board, not less than quarterly.

2. Establish goals for the Clipper® program, including targets to increase market penetration and cost containment initiatives. The Program Goals and Performance Measures are attached as Appendix C, and may be amended by unanimous vote of the Executive Board from time to time.

3. Propose for review by MTC, Operators and other funding sources (collectively, the "Funding Agencies") a biennial capital and operating budget for the Clipper® program. Revise and adopt the proposed budget in accordance with the Clipper® budgets adopted and/or allocations made by each of the Funding Agencies. The biennial budget will outline staffing requirements and resources needed to accomplish the work plan. The budget will define required funding, identify funding sources, and specify the amount of individual agency contributions.

4. Adopt a detailed biennial work plan to implement the established goals and budget.

5. Designate the Contracting Agency, as further described in and subject to Article IV.D, and provide policy oversight, advice, and direction to the Contracting Agency.

6. Evaluate the performance of the Clipper® Executive Director on at least an annual basis. The Board will develop goals and objectives jointly with the Clipper® Executive Director, which will form the basis for the annual evaluation.

7. Review and authorize Significant Business Matters as described in Article IV.E.

8. Establish such procedures as shall be necessary or desirable to facilitate compliance by the Executive Board with the Ralph M. Brown Act (Government Code Section 54950 *et seq.*) (the "Brown Act") and other applicable laws.

D. Designation of a Contracting Agency. The Executive Board shall designate one of the Parties to serve as the "Contracting Agency" with the responsibilities defined in Article III. MTC shall serve as the initial Contracting Agency. The Executive Board shall review the designation of the Contracting Agency not more often than once every three (3) years and may designate any of the Parties as a new Contracting Agency no later than one year prior to the proposed assignment date, which designation may be subject to the approval of the governing board of the proposed new Contracting Agency. In the event of a new designation, the then-current Contracting Agency shall seek approval from its governing board to assign all outstanding contracts, funding agreements, licenses, and accounts to the newly designated Contracting Agency and, if it receives approval from its governing board for such assignment, take such other actions as may be necessary or convenient to effect the transition of the Contracting Agency role. In the event of a change from the role of MTC as the Contracting Agency, the Executive Board will work with MTC and the successor Contracting Agency to protect or minimize loss or degradation of jobs for Clipper® support staff at MTC.

E. Significant Business Matters. The Executive Board shall decide all Significant Business Matters by a majority vote. "Significant Business Matter" shall mean any matter that can reasonably be expected to have a substantial financial impact (defined as an impact of $250,000 or more) or a substantial operating impact (defined as causing operations to fall below then-current annual operational goals) on Clipper® or any of the Parties. Significant Business Matters, include, but are not limited to the following:

1. Approval of Clipper® Contract Change Orders that exceed the maximum authority levels established by the Contracting Agency's procurement rules for its chief executive officer, or $250,000, whichever is less, or that are not funded in the biennial budget. Contracting Agency governing board approval may also be required.

2. Amendments to the Clipper® operating rules, pursuant to Appendix A. ·

3. Acceptance of new Parties to the Clipper® program. The Executive Board delegates to MTC the authority to sign supplemental agreements with new Parties accepted into the program, as provided in Article VI.

4. Implementation of new business ventures or opportunities for the Clipper® program.

5. Contract awards for contract amounts that exceed the maximum authority levels established by the then-current Contracting Agency's procurement rules for its chief executive officer, or $250,000, whichever is less. Contracting Agency governing board approval may also be required.

6. Assignment of the Clipper® Contract. Contracting Agency approval shall also be required.

7. Approval of expenses (administrative, operating and legal) incurred by the Contracting Agency if in excess of or not contemplated by the current approved budget.

8. Approval of the Clipper® 2.0 rollout strategy.

9. Decision whether any other matter, not expressly included or excluded as a Significant Business Matter in this list, is a Significant Business Matter in accordance with the definition above.

The foregoing definition of "Significant Business Matters" may be amended by unanimous vote of the Executive Board from time to time.

F. Quorum. Five members of the Executive Board constitute a quorum. In the absence of a quorum, a smaller number of Executive Board members may secure the attendance of absent members by video conference, teleconference or other means compliant with the Brown Act to establish a quorum. Only eligible voting members shall be counted to establish a quorum.

G. Voting. Each member of the Executive Board shall have one vote. A vote of a majority of the Executive Board is required for approval. Executive Board members may not abstain from voting on any matter before the Executive Board, except in cases of conflicts of interest.

H. Board Chair; Committees. The Executive Board shall annually elect a Chair and Vice Chair from its members. The Chair shall provide administrative staff support to the Executive Board, as needed as determined by the Chair and the Clipper® Executive Director. The Chair may appoint advisory committees or working groups for specified projects of limited duration. The Executive Board may establish standing committees from time to time.

I. Delegates. Executive Board members may appoint, in writing, delegates to vote on their behalf in the event of a member's absence from any Executive Board meeting, for up to two (2) meetings per calendar year. No voting rights are accorded to alternates, nor do alternates count toward a quorum of the Executive Board, when alternates are representing an Executive Board member for meetings after two (2) missed meetings in a calendar year.

ARTICLE V
Clipper® Executive Director

The Clipper® Executive Director shall be responsible for regional coordination of the Clipper® program among the Parties, oversight of consultants and contractors retained for the design, operation and maintenance of the Clipper® program, and effectuation of the goals and work plan adopted by the Executive Board in accordance with the budget. Clipper® program support staff engaged by the Contracting Agency shall report to the Clipper® Executive Director.

The Clipper® Executive Director shall be selected and appointed by the Contracting Agency following consultation with the Executive Board to factor in any Executive Board concerns. The Contracting Agency will directly engage the Clipper® Executive Director as its employee or independent contractor in accordance with any civil service or procurement rules applicable to the Contracting Agency. The initial Clipper® Executive Director shall be Carol Kuester and shall be an employee of MTC.

ARTICLE VI
New Operator Participants

Any Bay Area transit operator not a Party to this Agreement must be approved by the Executive Board and agree to the terms of the MOU then in effect as a condition of implementing Clipper®, by entering into a supplemental agreement to this MOU accepting the then-current terms of this MOU. Signature by the other Parties to the MOU is not required. MTC shall not enter into a supplemental agreement with a particular operator prior to the issuance of a Change Notice to the Clipper® Contract covering all or a portion of the work required to accept such operator into the system. MTC shall provide the other Parties to the MOU with written notice of each supplemental agreement.

ARTICLE VII
Indemnification

A. Mutual Indemnification. No Party to this MOU (including any of its directors, commissioners, officers, agents or employees) shall be responsible for any damage or liability occurring by reason of anything done or omitted to be done by any other Party under or in connection with this Agreement. Pursuant to Government Code Section 895.4, each Party agrees to fully indemnify and hold other Parties harmless from any liability imposed for injury (as defined by Government Code Section 810.8) occurring by reason of anything done or omitted to be done by such indemnifying Party under or in connection with this Agreement and for which such indemnifying Party would otherwise be liable.

B. Contracting Agency Indemnification of Other Parties. Notwithstanding the provisions of Subsection A above, the Contracting Agency shall indemnify, hold harmless, and defend the other Parties from any and all claims or liability resulting from any action or inaction on the part of Contracting Agency relating to the Clipper® Contract or from its failure to carry out its responsibilities under Article III of this MOU. With respect only to MTC as Contracting Agency, this indemnification covers action or inaction on the part of MTC relating to the Clipper® Contract prior to the Effective Date of this MOU. Except as stated in the previous sentence, this indemnification only covers action or inaction on the part of a Contracting Agency while it serves as Contracting Agency under this MOU.

C. Other Parties' Indemnification of Contracting Agency. Notwithstanding the provisions of Subsection A above, each Party hereto that is not the Contracting Agency shall indemnify, hold harmless, and defend the Contracting Agency from any and all claims or liability resulting from any action or inaction on the part of such Party relating to its responsibilities under Article I or II, as applicable, of this MOU.

D. Operator Indemnification of MTC. Notwithstanding the provisions of Subsection A above, each Operator shall indemnify, hold harmless, and defend MTC from any and all claims or liability resulting from any action or inaction on the part of such Operator relating to its responsibilities under Article I of this MOU.

E. MTC Indemnification of Operators. Notwithstanding the provisions of Subsection A above, MTC shall indemnify, hold harmless, and defend each Operator from any and all claims or liability resulting from any action or inaction on the part of MTC relating to its responsibilities under Article II of this MOU.

ARTICLE VIII
Term

The term of the MOU shall begin upon the Effective Date and continue through June 30, 2025, unless terminated by written agreement of the Parties.

ARTICLE IX
Dispute Resolution

The Parties agree to abide by the dispute resolution procedures in Appendix D, Dispute Resolution, attached hereto and incorporated herein by this reference to resolve disputes between or among Parties to the MOU. To invoke the dispute resolution process, two Executive Board members must request it.

ARTICLE X
Changed Circumstances

Any Party may initiate informal discussions among the Parties concerning the provisions of this MOU, based on its assessment that changes in technology or other factors external to the MOU or the Clipper® Contract indicate that it would be in the best interests of one or more Parties to consider revisions to the MOU. If a majority of Parties agree, the Parties will then jointly evaluate the changed circumstances to determine what, if any, revisions to the MOU are necessary or desirable. Any agreed-upon changes shall require an amendment to the MOU approved and executed by all Parties.

ARTICLE XI
General Provisions

A. The entire Agreement between and among the Parties is contained herein, and no change in or modification, termination or discharge of this MOU shall be valid or enforceable unless it is approved by the Parties and made in writing and signed by the Parties.

B. Headings in this MOU are for convenience only and not intended to define, interpret or limit the terms and conditions herein.

C. This MOU may be executed in one or more counterparts, each of which shall be considered an original and all of which shall constitute a single instrument.

D. This MOU is intended for the sole benefit of the Parties and is not intended to nor shall be construed to confer any benefit or create any right in any third party.

E. Appendix E, Special Provisions for the City and County of San Francisco, attached hereto and incorporated herein by this reference, sets forth the terms and conditions required by the City and County of San Francisco in any expenditure contracts entered into by the City.

F. If any provision of this MOU or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this MOU, or the application of such provision to persons, entities or circumstances, other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this MOU shall be valid and be enforceable to the fullest extent permitted by law.

G. Notices provided under the MOU shall be provided to the individuals listed in Appendix F, Notices, attached hereto and incorporated herein by this reference. Each Party to the MOU is responsible for notifying other Parties of a change in the individual designated to receive notices in writing. Changes to Appendix F may be made by any Party without an amendment to this MOU. MTC will distribute to every other Party the notice information of new Parties to the MOU added pursuant to Article VI.

H. This MOU supersedes and replaces the Memorandum of Understanding Regarding Operations and Maintenance of Clipper Fare Collection System dated November 10, 2011, as amended, in its entirety.

I. By its execution of this MOU, each Party (i) acknowledges that, although the City of Rio Vista executed a Supplemental Agreement to the 2011 MOU, it subsequently declined to have Clipper® implemented on its bus system, (ii) waives the requirement for 240 days' advance notice to it of the City of Rio Vista's withdrawal from the 2011 MOU, and (iii) acknowledges that the City of Rio Vista is therefore not a Party to this MOU upon its initial execution and delivery.

IN WITNESS WHEREOF, this MOU has been duly authorized and executed by the Parties hereto on the dates specified below by their duly authorized representatives.

Metropolitan Transportation Commission	Approved as to form:
______________________________	______________________________
Steve Heminger, Executive Director	Adrienne Weil, General Counsel
Date:______________________________	
Alameda-Contra Costa Transit District	Approved as to form:
______________________________	______________________________
Name:______________________________	Denise C. Standridge, General Counsel
Title:______________________________	
Date:______________________________	

Golden Gate Bridge, Highway and Transportation District

____
Name:_________________________________
Title:_________________________________

Date:_________________________________

Approved as to form:

____
_________________________, General Counsel

San Francisco Bay Area Rapid Transit District

____
Name:_________________________________
Title:_________________________________

Date:_________________________________

Approved as to form:

____
Matthew Burrows, General Counsel

City and County of San Francisco
Municipal Transportation Agency

____
Name: Edward D. Reiskin
Title: Director of Transportation

Date:_________________________________

Municipal Transportation Agency Board of Directors
Resolution No.___________________________
Dated:________________________________

____
Secretary, SFMTAB

Approved as to form:
Dennis J. Herrera, City Attorney

____
Name: Robin M. Reitzes
Title: Deputy City Attorney

San Mateo County Transit District

____
Name: Jim Hartnett
Title: General Manager/CEO

Date:_________________________________

Approved as to form:

____
Joan L. Cassman, General Counsel

Santa Clara Valley Transportation Authority	Approved as to form:
______________________________	______________________________
Name:____________________________	____________________, General Counsel
Title:____________________________	
Date:____________________________	
Peninsula Corridor Joint Powers Board	Approved as to form:
______________________________	______________________________
Name: Jim Hartnett	Joan L. Cassman, General Counsel
Title: Executive Director	
Date:____________________________	
Central Contra Costa Transit Authority	Approved as to form:
______________________________	______________________________
Name:____________________________	Madeline Chun, General Counsel
Title:____________________________	
Date:____________________________	
City of Fairfield **Fairfield and Suisun Transit**	Approved as to form:
______________________________	______________________________
Name:____________________________	____________________, General Counsel
Title:____________________________	
Date:____________________________	
City of Petaluma	Approved as to form:
______________________________	______________________________
Name:____________________________	____________________, General Counsel
Title:____________________________	
Date:____________________________	

Eastern Contra Costa Transit Authority	Approved as to form:
______________________________	______________________________
Name:__________________________	____________________, General Counsel
Title:__________________________	
Date:__________________________	
Livermore/Amador Valley Transit Authority	Approved as to form:
______________________________	______________________________
Name:__________________________	Michael N. Conneran, General Counsel
Title:__________________________	
Date:__________________________	
Marin County Transit District	Approved as to form:
______________________________	______________________________
Name:__________________________	____________________, General Counsel
Title:__________________________	
Date:__________________________	
Napa County Transportation and Planning Agency	Approved as to form:
______________________________	______________________________
Name:__________________________	____________________, General Counsel
Title:__________________________	
Date:__________________________	
Solano County Transit	Approved as to form:
______________________________	______________________________
Name:__________________________	____________________, General Counsel
Title:__________________________	
Date:__________________________	

Sonoma County Transit	Approved as to form:
______________________________	______________________________
Name:______________________________	____________________, General Counsel
Title:______________________________	
Date:______________________________	
Sonoma-Marin Area Rail Transit District	Approved as to form:
______________________________	______________________________
Name:______________________________	____________________, General Counsel
Title:______________________________	
Date:______________________________	
Vacaville City Coach	Approved as to form:
______________________________	______________________________
Name:______________________________	____________________, General Counsel
Title:______________________________	
Date:______________________________	
Western Contra Costa Transit Authority	Approved as to form:
______________________________	______________________________
Name:______________________________	____________________, General Counsel
Title:______________________________	
Date:______________________________	
San Francisco Bay Area Water Emergency Transportation Authority	Approved as to form:
______________________________	______________________________
Name:______________________________	Stanley S. Taylor III, General Counsel
Title:______________________________	
Date:______________________________	

City of Santa Rosa

____
Name:__________________________________
Title:__________________________________

Date:__________________________________

Approved as to form:

____
_________________________, General Counsel

City of Union City

____
Name:__________________________________
Title:__________________________________

Date:__________________________________

Approved as to form:

____
_________________________, General Counsel

LIST OF APPENDICES

Appendix A

Process for Amending Clipper® Operating Rules

1. The Contracting Agency shall provide written notice to the other Parties at least ninety (90) days in advance of making any changes to the Operating Rules affecting Operator Roles and Responsibilities (Section 3 of the Clipper® Operating Rules). Notice shall be provided by email to the contact named in Appendix F, or as subsequently revised or updated by the Parties, as provided in Article XI.G.

2. The Contracting Agency shall provide additional notice to the other Parties on possible changes to the Operating Rules affecting Operator Roles and Responsibilities in the regular Clipper® program reports furnished under Article III.C.

3. The Contracting Agency's notices shall include enough information to enable the other Parties to determine the financial and other impacts of the proposed change.

4. If requested by any Party within 30 days of issuance of such notice, the Contracting Agency will consult with all affected Parties concerning the proposed change prior to its adoption.

5. Any Party that requires additional time in excess of the notice period specified by the Contracting Agency to implement a change may notify the Contracting Agency of the additional period of time required during the initial 30-day notice period. The Contracting Agency will then work with the Party(ies) during the consultation period to modify the effective date and/or content of the Operating Rules change, as necessary.

6. Following such consultation process, if any Party(ies) objects to the proposed change, as modified during the consultation process, such Party(ies) may initiate one or more of the dispute resolution processes described in Appendix D.

7. The Contracting Agency shall delay the implementation of the disputed change until the conclusion of the dispute resolution process.

8. All proposed changes to the Operating Rules shall be presented for approval to the Executive Board. The Contracting Agency agrees that it shall not implement changes to the Operating Rules that have not been approved by the Executive Board.

9. Upon MTC's approval of this MOU, MTC Commission approval of changes to the Operating Rules will no longer be required.

Appendix B-1

Clipper® Cost and Revenue Allocation
Effective upon execution of Amended and Restated MOU through June 30, 2016

1. Cost Allocation Among Operators

The allocation of Clipper® operating costs to each Operator shall be based on a combination of revenue collected and the number of fee payment transactions processed. "Revenue collected" shall mean the fee collected on behalf of each Operator by the Clipper® clearinghouse (*e.g.*, the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid). A "fee payment transaction" shall mean any activity in which a Clipper® card is used to receive service on or from an Operator's system (*e.g.*, to ride on the Operator's transit system, to park on the Operator's property). A fee payment transaction shall be attributed to the Operator on whose system the service was provided, except that a transaction in which a patron uses a Muni monthly pass to ride BART will be attributed to SFMTA. All fee payment transactions are included for purposes of allocating Clipper® operating costs, regardless of whether the transaction results in a reduction of the amount of stored value or stored rides on a Clipper® card (*e.g.*, use of a monthly pass on a transit system, intra-operator transfers, entry and exit transactions for a single ride where both transactions are required to compute the appropriate fare payment).

One-third (1/3) of Clipper® operating costs shall be allocated to Operators based on each Operator's share of total revenue collected by the Clipper® clearinghouse, as defined above. Two-thirds (2/3) of Clipper® operating costs shall be allocated to Operators based on each Operator's share of total fee payment transactions processed by the Clipper® clearinghouse, as defined above.

In addition to the Clipper® operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

a. Clipper® Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator's site;

b. Credit/debit interchange fees charged through an Operator-specific credit/debit gateway associated with Clipper® sales through add value machines, ticket office terminal devices and ticket vending machines. This responsibility is subject to review pursuant to Article I.E of the MOU to ensure that no single Operator is unfairly burdened by such fees; and

c. Incremental Clipper® operating costs established by and/or resulting from Clipper® Contract change orders requested and funded by an Operator for such Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described in Section 2.A herein.

2. **Clipper® Costs**

A. <u>MTC Operating and Maintenance Costs.</u> MTC shall pay the following Clipper® operating costs:

i. All fixed operating costs of the Clipper® clearinghouse and equipment maintenance services costs as specified in the Clipper® Contract's Price Schedule (Attachment 2 to the Clipper® Contract) (the "Price Schedule"), including:

a. Item 3.20 Program Management – Operations and Maintenance
b. Item 3.30 Clipper® Testbed Operations & Maintenance
c. Item 5.31 Operator Help Desk
d. Item 5.32 Reporting
e. Item 5.33 Asset Management
f. Item 6.0 Equipment Maintenance Services
g. Item 10.21(a) Location Acquisition
h. Item 10.22 Location Servicing and Support
i. Item 10.23 (a) Acquisition Payment for Third Party Location
j. Item 12.0 Network Management
k. Item 13.22 Basic Monthly Operations and Admin

ii. Variable Clipper® operating costs as specified in the Price Schedule (Attachment 2 to the Clipper® Contract), specifically:

a. Item 7.10-2 Senior and Youth Card Mail-In Applications
b. Item 8.10(a-g) Card Distribution Services
c. Item 8.11 Card Distribution Services
d. Item 8.12 Card Distribution Services
e. Item 8.20 Cardholder Education
f. Item 8.31 Location Acquisition for Completion of Distribution Network
g. Item 8.32 Location Acquisition for Completion of Distribution Network
h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
j. Item 9.5 Service Level Standard Incentives and Abatements
k. Item 13.100 Mobile Website Operations and Maintenance

iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. <u>Operator Operating Costs.</u>

i. Operators shall pay the following listed Clipper® operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper® Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper® Contract:

a. Item 9.24 Balance Protection Services Registration

b. Item 9.25 Lock/unlock Clipper® Application
c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
d. Item 10.11 Clipper® E-purse Load
e. Item 10.12 Pass/Stored Ride Load
f. Item 10.24 Employer Program Commission
g. Item 11.0 Autoload Services
h. Item 13.22.45 Supplemental Monthly Operations and Admin
i. Item 13.31 Clipper® Transaction Fee
j. Item 13.60 Incremental Gateway Fees
k. Item 13.70 Incremental Debit Card Interchange Fees
l. Item 13.80 Incremental Credit Card Interchange Fees
m. Item 13.90 Pass Through Website Credit Card Processing Fees
n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper® bank account(s) in excess of the amounts reimbursed under Section 3.A below
o. Direct payment or reimbursement of Contracting Agency costs for network communication.
p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper® cards
q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper® program.

ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in Section 2.B(i)(q), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.

C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper® during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper® accounts;

B. After deduction of Contracting Agency's bank fees and charges under Section 3.A, to reduce the Operators' Clipper® operating costs listed in Section 2.B(i); and

C. After payment of Operators' Clipper® operating costs listed in Section 2.B(i), to be allocated to Operators using the formula specified in Section 1.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper® Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension of the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part.

Appendix B-2

Clipper® Cost and Revenue Allocation
Effective July 1, 2016 through December 31, 2016

1. Cost Allocation Among Operators

The allocation of Clipper® operating costs to each Operator shall be based on a combination of revenue collected and the number of fee payment transactions processed. "Revenue collected" shall mean the fee collected on behalf of each Operator by the Clipper® clearinghouse (*e.g.*, the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid). A "fee payment transaction" shall mean any activity in which a Clipper® card is used to receive service on or from an Operator's system (*e.g.*, to ride on the Operator's transit system, to park on the Operator's property). A fee payment transaction shall be attributed to the Operator on whose system the service was provided, except that a transaction in which a patron uses a Muni monthly pass to ride BART will be attributed to SFMTA. All fee payment transactions are included for purposes of allocating Clipper® operating costs, regardless of whether the transaction results in a reduction of the amount of stored value or stored rides on a Clipper® card (*e.g.*, use of a monthly pass on a transit system, intra-operator transfers, entry and exit transactions for a single ride where both transactions are required to compute the appropriate fare payment).

One-third (1/3) of Clipper® operating costs shall be allocated to Operators based on each Operator's share of total revenue collected by the Clipper® clearinghouse, as defined above. Two-thirds (2/3) of Clipper® operating costs shall be allocated to Operators based on each Operator's share of total fee payment transactions processed by the Clipper® clearinghouse, as defined above.

In addition to the Clipper® operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

a. Clipper® Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator's site;

b. Credit/debit interchange fees charged through ticket office terminal devices using an Operator specific credit/debit gateway. This responsibility is subject to review pursuant to Article I.E of the MOU to ensure that no single Operator is unfairly burdened by such fees; and

c. Incremental Clipper® operating costs established by and/or resulting from Clipper® Contract change orders requested and funded by an Operator for such Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described below.

2. **Clipper® Costs**

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper® operating costs:

i. All fixed operating costs of the Clipper® clearinghouse and equipment maintenance services costs as specified in the Clipper® Contract's Price Schedule (Attachment 2 to the Clipper® Contract) (the "Price Schedule"), including:

a. Item 3.20 Program Management – Operations and Maintenance
b. Item 3.30 Clipper® Testbed Operations & Maintenance
c. Item 5.31 Operator Help Desk
d. Item 5.32 Reporting
e. Item 5.33 Asset Management
f. Item 6.0 Equipment Maintenance Services
g. Item 10.21(a) Location Acquisition
h. Item 10.22 Location Servicing and Support
i. Item 10.23 (a) Acquisition Payment for Third Party Location
j. Item 12.0 Network Management
k. Item 13.22 Basic Monthly Operations and Admin

ii. Variable Clipper® operating costs as specified in the Price Schedule (Attachment 2 to the Clipper® Contract), specifically:

a. Item 7.10-2 Senior and Youth Card Mail-In Applications
b. Item 8.10(a-g) Card Distribution Services
c. Item 8.11 Card Distribution Services
d. Item 8.12 Card Distribution Services
e. Item 8.20 Cardholder Education
f. Item 8.31 Location Acquisition for Completion of Distribution Network
g. Item 8.32 Location Acquisition for Completion of Distribution Network
h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
j. Item 9.5 Service Level Standard Incentives and Abatements
k. Item 13.100 Mobile Website Operations and Maintenance

iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs.

i. Operators shall pay the following listed Clipper® operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper® Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper® Contract:

a. Item 9.24 Balance Protection Services Registration
b. Item 9.25 Lock/unlock Clipper® Application

c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
d. Item 10.11 Clipper® E-purse Load
e. Item 10.12 Pass/Stored Ride Load
f. Item 10.24 Employer Program Commission
g. Item 11.0 Autoload Services
h. Item 13.22.45 Supplemental Monthly Operations and Admin
i. Item 13.31 Clipper® Transaction Fee
j. Item 13.60 Incremental Gateway Fees
k. Item 13.70 Incremental Debit Card Interchange Fees
l. Item 13.80 Incremental Credit Card Interchange Fees
m. Item 13.90 Pass Through Website Credit Card Processing Fees
n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper® bank account(s) in excess of the amounts reimbursed under Section 3.A below
o. Direct payment or reimbursement of Contracting Agency costs for network communication.
p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper® cards
q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of staffing to support the Clipper program as approved by the Executive Board.
r. Reimbursement of Contracting Agency costs for a portion of (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
s. Reimbursement of Operator costs for credit/debit interchange fees charged through an Operator-specific gateway associated with Clipper® sales through add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees. Reimbursement procedures are subject to the adoption by the Clipper® Executive Board at least 90 days in advance.

ii. <u>Changes or Additions to Operator Operating Costs Items.</u> Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.

C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper® during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper® accounts;

B. After deduction of Contracting Agency's bank fees and charges under Section 3.A above, to reduce the Operators' Clipper® operating costs listed in Section 2.B(i) above; and

C. After payment of Operators' Clipper® operating costs listed in Section 2.B(i) above, to be allocated to Operators using the formula specified in Section 1 herein.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper® Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension of the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part.

Appendix B-3

Clipper® Cost and Revenue Allocation
Effective January 1, 2017

1. Cost Allocation Among Operators

The allocation of Clipper® operating costs to each Operator shall be tied to the cost driver of each category of operating expense outlined in Section 2.B. The percent allocation in each category will be based on actuals by Operator. "Percentage of Cards Used" by Operator will be used to assess operating fees for account-based, fixed or other costs not directly attributable to either transit transactions or revenue and will be based on the number of individual cards used at least once on an Operator's system. "Fee Generating Transit Transactions" shall mean any activity in which a Clipper® card is used to receive service on or from an Operator's system that results in a charge pursuant to Attachment 2 to Part I of the contract between MTC and Cubic for the operation of Clipper®. "Revenue Processed" shall mean the fee collected on behalf of each Operator by the Clipper® clearinghouse (*e.g.*, the price charged to ride on the Operator's transit system, the value of pass sales, the amount of parking fees paid).

The allocation of Clipper® operating costs to each Operator shall be based on the following formula:

MOU Section 2.B.i	**Fee Category**	**Allocation Formula**
a,b,c	9.0 Cardholder Support Services	Percentage of Cards Used
d,e,f	10.0 Third Party Load Service Fees	Percentage of Cards Used
g	11.0 Autoload Services	Percentage of Cards Used
h	13.22.45 Supplemental Operations	Percentage of Cards Used
i	13.31 Clipper Transaction Fee	Percentage of Fee Generating Transit Transactions
j,k,l,m	13.60-90 Incremental Credit/Debit Card Interchange Fees	Percentage of Revenue Processed
n	Reimbursement of Bank Fees/Direct Charges	Percentage of Revenue Processed
o	Network Communication Reimbursement	Direct Charge to Operator
p	Specialized Card Printing	Direct Charge to Operator
q,r	Operator Share of Staffing	Percentage of Cards Used
s	Add Value/TVM Debit Card Interchange Fees for Non-Clipper Gateways	Percentage of Revenue Processed

In addition to the Clipper® operating costs allocated in accordance with Section 2.B(i) herein, each Operator shall be responsible for payment of:

a. Clipper® Data Server (CDS) Store operating costs specified below for any CDS Store implemented on such Operator's site;

b. Credit/debit interchange fees charged through ticket office terminal devices using an Operator specific credit/debit gateway. This responsibility is subject to review pursuant to Article I.E to ensure that no single Operator is unfairly burdened by such fees; and

c. Incremental Clipper® operating costs established by and/or resulting from Clipper® Contract change orders requested and funded by an Operator for such Operator's use and benefit shall be the responsibility of such Operator. This applies to costs or portions of costs that would otherwise be MTC's responsibility as described below.

2. **Clipper® Costs**

A. MTC Operating and Maintenance Costs. MTC shall pay the following Clipper® operating costs:

i. All fixed operating costs of the Clipper® clearinghouse and equipment maintenance services costs as specified in the Clipper® Contract's Price Schedule (Attachment 2 to the Clipper® Contract) (the "Price Schedule"), including:

a. Item 3.20 Program Management – Operations and Maintenance
b. Item 3.30 Clipper® Testbed Operations & Maintenance
c. Item 5.31 Operator Help Desk
d. Item 5.32 Reporting
e. Item 5.33 Asset Management
f. Item 6.0 Equipment Maintenance Services
g. Item 10.21(a) Location Acquisition
h. Item 10.22 Location Servicing and Support
i. Item 10.23 (a) Acquisition Payment for Third Party Location
j. Item 12.0 Network Management
k. Item 13.22 Basic Monthly Operations and Admin

ii. Variable Clipper® operating costs as specified in the Price Schedule (Attachment 2 to the Clipper® Contract), specifically:

a. Item 7.10-2 Senior and Youth Card Mail-In Applications
b. Item 8.10(a-g) Card Distribution Services
c. Item 8.11 Card Distribution Services
d. Item 8.12 Card Distribution Services
e. Item 8.20 Cardholder Education
f. Item 8.31 Location Acquisition for Completion of Distribution Network
g. Item 8.32 Location Acquisition for Completion of Distribution Network
h. Item 8.41 Pass Through of Amounts Paid for Installation of Phone Lines
i. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
j. Item 9.5 Service Level Standard Incentives and Abatements
k. Item 13.100 Mobile Website Operations and Maintenance

iii. All other lump sum and capital expense items specified in the Price Schedule not enumerated above or covered by Section 2.B.

B. Operator Operating Costs.

i. Operators shall pay the following listed Clipper® operating costs in accordance with the cost sharing formula in Section 1, reduced by any amounts payable by MTC pursuant to Section 2.A. References to Item numbers refer to the corresponding prices payable to the Clipper® Contractor under the Price Schedule, which are subject to annual price adjustment as specified in Article 13.6 of the Clipper® Contract:

a. Item 9.24 Balance Protection Services Registration
b. Item 9.25 Lock/unlock Clipper® Application
c. Item 9.41 Fixed and Incremental Fees Per Active Card Account (50% of the invoiced amount)
d. Item 10.11 Clipper® E-purse Load
e. Item 10.12 Pass/Stored Ride Load
f. Item 10.24 Employer Program Commission
g. Item 11.0 Autoload Services
h. Item 13.22.45 Supplemental Monthly Operations and Admin
i. Item 13.31 Clipper® Transaction Fee
j. Item 13.60 Incremental Gateway Fees
k. Item 13.70 Incremental Debit Card Interchange Fees
l. Item 13.80 Incremental Credit Card Interchange Fees
m. Item 13.90 Pass Through Website Credit Card Processing Fees
n. Reimbursement of Contracting Agency bank fees and direct bank charges in connection with the Clipper® bank account(s) in excess of the amounts reimbursed under Section 3.A below
o. Direct payment or reimbursement of Contracting Agency costs for network communication.
p. Direct payment or reimbursement of Contracting Agency costs for materials necessary for additional printing, e.g. secondary printing or personalization, on Clipper® cards
q. Reimbursement of Contracting Agency costs for a portion of salary and benefits of any additional staffing as approved by the Executive Board to support the Clipper® program.
r. Reimbursement of Contracting Agency costs for a portion (at least fifty percent) of the salary and benefits of the Clipper Executive Director as approved by the Executive Board.
s. Reimbursement of Operator costs for credit/debit interchange fees charged through an Operator-specific gateway associated with Clipper® sales through add value and ticket vending machines, as long as the total average fees do not substantially exceed the average Clipper fees. Reimbursement procedures are subject to the adoption by the Clipper® Executive Board at least 90 days in advance.

ii. Changes or Additions to Operator Operating Costs Items. Except as reserved for Executive Board approval in 2.B(i)(q, r, s), substantive changes or additions to the Operator-paid operating cost items set forth in Section 2.B(i) require an amendment to this Appendix B and approval of all Parties to the MOU as of the date of the change or addition.

C. Contracting Agency shall invoice each Operator on a monthly basis for its share of the operating costs. The Operators shall pay Contracting Agency within fifteen (15) calendar days of receipt of such invoice.

3. Revenue Allocation

Revenues generated by Clipper® during any period of time, including interest earnings on funds held by the clearinghouse and excluding fare revenues or parking fees collected on behalf of and distributed to Operators, shall be utilized as follows:

A. To offset Contracting Agency's bank fees and direct bank charges related to the managing of the Clipper® accounts;

B. After deduction of Contracting Agency's bank fees and charges under Section 3.A above, to reduce the Operators' Clipper® operating costs listed in Section 2.B(i) above; and

C. After payment of Operators' Clipper® operating costs listed in Section 2.B(i) above, to be allocated to Operators by applying the percentage of cards used by Operator specified in Section 1 herein, unless otherwise authorized by the Executive Board.

Notwithstanding the above, fees charged cardholders for card acquisition, card replacement, balance restoration, failed Autoload funding recovery, card refund processing, and other card-related activities shall be reserved to pay for future card procurements; provided, however, that surcharges on limited use cards or other fare media imposed by an Operator to pay for the acquisition, implementation, administration and replacement of such fare media shall be distributed to and retained by such Operator. (For clarity, any surcharge imposed by an Operator as part of its fare structure shall be considered "fare revenue" and shall be distributed to and retained by such Operator.)

4. Review

The Parties acknowledge that this Appendix B is based upon and specific to the payment terms of the existing Clipper® Contract which has a term through November 2, 2019. Therefore, the Parties agree to commence timely, good-faith negotiations to implement revisions to this Appendix B necessitated by any Executive Board approval of (a) any extension to the existing Clipper contract or (b) any contracts that succeed or replace the existing Clipper contract, whether in whole or in part, that would take effect on such successor contract's effective date."

Appendix C

Program Goals and Performance Measures

The program goals and performance measures below are intended to guide the development and ongoing operations of Clipper®, however, specific actions and targets may be constrained by legal, fiscal and system limitations.

<u>Goal: Provide an intuitive, efficient, and familiar experience</u>

- Electronic fare payment is the primary payment method for all transportation fares and fees
  - ✓ Mobile fare payment is integrated into and branded as Clipper®
  - ✓ Parking at transit stations is paid with Clipper®
  - ✓ Bikeshare at transit stations can be paid with Clipper®
  - ✓ Paratransit trips can be paid with Clipper®
- Transit systems to move 100% to Clipper or incentivize use of Clipper® depending on mode
  - ✓ Heavy commuter rail and ferry systems accept only Clipper® (extended and limited use)
  - ✓ Bus/light rail operators to adopt fare differentials to incentivize use of Clipper® and transition remaining products to Clipper®

<u>Goal: Provide excellent, proactive customer service</u>

- Customers can easily obtain and use Clipper®
  - ✓ Media dispensing and reloading options are widely available
  - ✓ Ticket vending machines offering new cards and add-value are located at all heavy rail and ferry locations
  - ✓ Online transactions are immediately available for use
  - ✓ Third-party vendor locations are easily accessible in all service areas
  - ✓ Streamline process for refunds and replacements
  - ✓ Support payment for families, groups, institutional programs, and events

<u>Goal: Create a transparent, consistent, inclusive and timely decision-making process</u>

- Implement process for operator involvement in work plan development, field equipment procurement and change order process

<u>Goal: Govern the program efficiently and cost-effectively</u>

- Adopt standard fare categories and discount levels
  - ✓ Minimum $0.50 discount for full-fare adult transfer customers to bus and light rail
  - ✓ Establish uniform youth discount for ages five to18 and senior discount for ages 65 and older
- Evaluate staffing plan to enhance internal program resources and reduce reliance on consultants

<u>Goal: Ensure that accurate and complete data is available to support decision making at every level</u>

- System integrates with vehicle on-board equipment to incorporate route, location and revenue information where necessary
- Clipper® data is accessible to operators and the public to the full extent contemplated by the Clipper® privacy policy

<u>Goal: Ensure program flexibility and responsiveness</u>

- System design and contract includes a streamlined process for common changes such as fare adjustments and route changes and additions

<u>Goal: Ensure operational efficiency and reliability</u>

- Ensure continued competitive equipment availability, automated status reporting and remote diagnostics
- Utilize open architecture

Appendix D

Dispute Resolution

The Parties agree to resolve disputes concerning this MOU between or among one or more Parties based on the following dispute resolution principles.

1. Informal Dispute Resolution

The Parties agree to attempt to resolve informally all disputes. In the event of a dispute among any Parties to the MOU, those Parties shall notify every other Party in writing about the substance of the dispute. The Parties to the dispute shall meet and confer by exchanging written positions on the dispute, and by meeting in person thereafter to discuss and resolve the dispute. If those representatives are unable to resolve the dispute, the chief executives of those Parties shall be informed of the substance of the dispute and provided all writings that have been exchanged regarding the dispute. The chief executives shall meet and confer in person or by telephone concerning the dispute, and may choose to exchange letters in preparation for the meet and confer.

2. Mediation

If the dispute is not resolved, the Parties may avail themselves by mutual consent to mediation, arbitration (binding or non-binding), or any other dispute resolution resource (collectively Alternate Dispute Resolution (ADR) processes"). All procedures and methodologies in ADR processes shall be by mutual consent of the Parties, including but not limited to the choice of the mediator or arbitrator, dates and times and timelines, whether documents are exchanged in preparation for the ADR session, etc. Fees and expenses of the mediator will be borne equally, unless otherwise agreed. The Parties to the dispute shall be represented by individuals of their choosing, except that the Parties must agree on the question of whether lawyers are present or not. The entire process shall be confidential and treated as a compromise negotiation for purposes of federal and state rules of evidence. If ADR processes are agreed on, the Parties shall agree on the identity of the mediator or arbitrator within 30 days of agreeing on the ADR process. The Parties shall not unreasonably withhold consent as to the choice of the mediator or arbitrator. Unless the schedule of the mediator or arbitrator does not permit, the Parties shall have their ADR process completed within 60 days after agreement on the choice of the mediator or arbitrator. Nothing in this MOU affects the rights or abilities of the Parties to avail themselves of all rights and remedies they have under the law of California or federal law, and to the state or federal courts to resolve their dispute.

3. Financial Obligations

A Party who disputes amounts claimed by the Contracting Agency to be due under the MOU agrees to pay the amount claimed pending dispute resolution.

Appendix E

Special Provisions for the City and County of San Francisco

(References to "City" in Paragraphs 1 and 2 refer to the City and County of San Francisco)

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation. This Agreement is subject to the budget and fiscal provisions of the City's Charter. Charges will accrue only after prior written authorization certified by the Controller, and the amount of City's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization. This Agreement will terminate without penalty, liability or expense of any kind to City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated. City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. City budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Guaranteed Maximum Costs. The City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification. Except as may be provided by laws governing emergency procedures, officers and employees of the City are not authorized to request, and the City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law. Officers and employees of the City are not authorized to offer or promise, nor is the City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller. The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

3. Sunshine Ordinance. In accordance with San Francisco Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

Appendix F

Notices

Contact:	**Mailing Address:**
Metropolitan Transportation Commission Name: Carol Kuester Title: Director, Electronic Payments Email: ckuester@mtc.ca.gov Phone: 510-817-5853 Fax: 510-817-5848	*Until February 1, 2016* 101 – 8th Street Oakland, CA 94607 *After February 1, 2016:* 375 Beale Street San Francisco, CA 94105
Alameda-Contra Costa Transit District Name:___________________________________ Title:___________________________________ Email:___________________________________ Phone:__________________________________ Fax:____________________________________	1600 Franklin Street Oakland, CA 94612
Central Contra Costa Transit Authority Name:___________________________________ Title:___________________________________ Email:___________________________________ Phone:__________________________________ Fax:____________________________________	2477 Arnold Industrial Way Concord, CA 94520
City of Fairfield, as the operator of Fairfield and Suisun Transit Name:___________________________________ Title:___________________________________ Email:___________________________________ Phone:__________________________________ Fax:____________________________________	
City of Petaluma Name:___________________________________ Title:___________________________________ Email:___________________________________ Phone:__________________________________ Fax:____________________________________	
City and County of San Francisco, acting by and through its Municipal Transportation Agency Name:___________________________________ Title:___________________________________ Email:___________________________________ Phone:__________________________________ Fax:____________________________________	1 South Van Ness Avenue, 7th Floor San Francisco, CA 94103

Eastern Contra Costa Transit Authority Name:___________________________________ Title:____________________________________ Email:___________________________________ Phone:__________________________________ Fax:_____________________________________	
Golden Gate Bridge Highway and Transportation District Name:___________________________________ Title:____________________________________ Email:___________________________________ Phone:__________________________________ Fax:_____________________________________	P.O. Box 9000, Presidio Station San Francisco, CA 94129-0601
Livermore/Amador Valley Transit Authority Name:___________________________________ Title:____________________________________ Email:___________________________________ Phone:__________________________________ Fax:_____________________________________	
Marin County Transit District Name:___________________________________ Title:____________________________________ Email:___________________________________ Phone:__________________________________ Fax:_____________________________________	
Napa County Transportation and Planning Agency Name:___________________________________ Title:____________________________________ Email:___________________________________ Phone:__________________________________ Fax:_____________________________________	
Peninsula Corridor Joint Powers Board Name: Rita P. Haskin Title: Executive Officer, Customer Service and Marketing Email: haskinr@samtrans.com Phone: 650-508-6248 Fax: 650-508-7919	P.O. Box 3006 San Carlos, CA 94070-1306
San Francisco Bay Area Rapid Transit District Name: Patricia Nelson Title: Project Manager, Clipper Program Email: pnelson@bart.gov Phone: 510-874-7323 Fax: 510-287-4747	300 Lakeside Drive, 16th floor Oakland, CA 94612

San Francisco Bay Area Water Emergency Transportation Authority Name:______________________________ Title:______________________________ Phone:______________________________ Fax:______________________________	
San Mateo County Transit District Name: Rita P. Haskin Title: Executive Officer, Customer Service and Marketing Email: haskinr@samtrans.com Phone: 650-508-6248 Fax: 650-508-7919	P.O. Box 3006 San Carlos, CA 94070-1306
Santa Clara Valley Transportation Authority Name: Ali Hudda Title: Deputy Director, Accounting Email: ali-hudda@vta.org Phone: 408-546-7922 Fax:______________________________	3331 N. First Street, Building C San Jose, CA 95134-1906
Solano County Transit Name:______________________________ Title:______________________________ Email:______________________________ Phone:______________________________ Fax:______________________________	
Sonoma County Transit Name:______________________________ Title:______________________________ Email:______________________________ Phone:______________________________ Fax:______________________________	
Sonoma-Marin Area Rail Transit Name:______________________________ Title:______________________________ Email:______________________________ Phone:______________________________ Fax:______________________________	
Vacaville City Coach Name:______________________________ Title:______________________________ Email:______________________________ Phone:______________________________ Fax:______________________________	

Western Contra Costa Transit Authority Name:______________________________ Title:_______________________________ Email:______________________________ Phone:______________________________ Fax:________________________________	
City of Santa Rosa Name:______________________________ Title:_______________________________ Email:______________________________ Phone:______________________________ Fax:________________________________	
City of Union City Name:______________________________ Title:_______________________________ Email:______________________________ Phone:______________________________ Fax:________________________________	

AGENDA ITEM 7
MEETING: October 1, 2015

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Contract Award to Vortex Marine Construction, Inc. for Marine Construction Services for the Harbor Bay Piling Replacement Project

Recommendation
Approve contract award to Vortex Marine Construction, Inc., in an amount not to exceed $425,000, for marine construction services to implement the Harbor Bay Piling Replacement Project and authorize the Executive Director to negotiate and enter into a contract and take any other related actions as may be necessary to support this work.

Background
The Harbor Bay Ferry Terminal was constructed in the early 1990s in support of the development of the Harbor Bay Isle and provision of Harbor Bay Ferry services which began operation in 1992. The Harbor Bay Ferry Terminal waterside assets were transferred to WETA from the City of Alameda in April 2011 as a part of the overall City of Alameda ferry services transition agreement. Since original construction, the pilings that moor the Harbor Bay float have failed on two occasions, with the last occurring in 2011.

Staff recently engaged the services COWI Marine North America, to conduct a load analysis of the Harbor Bay Ferry Terminal pilings. This analysis resulted in a recommendation to increase the length and diameter of the five mooring pilings for the float.

On June 4, 2015, the Board of Directors authorized soliciting Invitations for Bids (IFB) for the Harbor Bay Piling Replacement project.

Discussion
The Harbor Bay Ferry Terminal project will replace five (5) pilings used for mooring the Harbor Bay Ferry Terminal float in order to improve the overall resiliency of the facility. This project will be implemented during the Fall 2015 pile driving window in the area.

On August 20, 2015, WETA released an IFB for the work associated with the Harbor Bay Piling Replacement project. A pre-bid conference was held on-site at the Harbor Bay Ferry Terminal on August 31, 2015, and was attended by seven (7) marine construction firms. A total of three addendums were issued providing additional information, clarification and answers to questions from bidders. Bids were due to WETA on or before September 16 at 2:00 p.m.

A total of four bids were received in response to the IFB. The table below summarizes the price for each submittal.

FIRM	PRICE PROPOSAL
Vortex Marine Construction, Inc.	$408,800
The Dutra Group	$639,500
Manson Construction Co.	$491,750
R. E. Staite Engineering Inc.	$438,750

A public bid opening was held on September 16, 2015, at which time the bid submitted by Vortex Marine Construction, Inc. (Vortex) was determined to be the apparent low bid based upon the price proposal submitted. In accordance with the IFB process utilized for this project, staff has reviewed the bid documents submitted by Vortex and has determined them to be responsive. Additionally, staff has verified references submitted and determined Vortex to be acceptable for performing this work.

Staff has determined the bid from Vortex to be the lowest responsive and responsible bidder for the Harbor Bay Piling Replacement project and recommends that the Board of Directors authorize award of a contract for this work in an amount not to exceed $425,000, which includes a 5% owner’s contingency for appropriation in the event that unanticipated work is necessary to complete this project.

The procurement process followed WETA administrative and Federal Transit Administration (FTA) procedure requirements. WETA’s overall annual Disadvantaged Business Enterprise (DBE) goal and Small Business Enterprise (SBE) goal for Federal Fiscal Year 2015/16 is 1.36% for FTA-assisted contracts. Staff has reviewed the DBE/SBE materials provided by Vortex and has determined that they have complied with the DBE requirements for this contract.

Fiscal Impact
This project is included in the FY 2015/16 Capital Budget with a total budget of $450,000, funded with Federal Transit Administration (FTA) and Alameda Lighting and Landscape Assessment District (LLAD) funds.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-27

APPROVE CONTRACT AWARD TO VORTEX MARINE CONSTRUCTION, INC. FOR MARINE CONSTRUCTION SERVICES FOR THE HARBOR BAY PILING REPLACEMENT PROJECT

WHEREAS, the WETA issued an Invitation for Bids ("IFB") for dredging work at the Harbor Bay Piling Replacement Project on August 20, 2015; and

WHEREAS, the WETA has established procedures in its Administrative Code relating to the selection and contracting of Construction Services; and

WHEREAS, the WETA followed the procedures in its Administrative Code regarding solicitation and evaluation of qualifications; and

WHEREAS, WETA staff has recommended the award of these construction services to Vortex Marine Construction, Inc., the lowest responsive bidder, for the Harbor Bay Piling Replacement project; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves entering into an agreement with Vortex Marine Construction, Inc. for pile driving services at the Harbor Bay Ferry Terminal for an amount not to exceed $425,000 which includes a 5% owner's contingency; and

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the agreement and take any other related actions to support this work.

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on October 1, 2015.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2015-27
END

AGENDA ITEM 8
MEETING: October 1, 2015

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve the Award of a Sole Source Contract to Valley Power Systems North, Inc. for *Taurus* Main Engine Overhaul Project

Recommendation
Approve the following actions associated with the overhaul of the port main engine on the vessel *Taurus*:

1. Add the *Taurus* Main Engine Overhaul project to the FY 2015/16 Capital Budget for a total project cost of $300,000; and

2. Award a sole source contract to Valley Power Systems North, Inc. (VPSNI) in an amount not to exceed $210,000, for the *Taurus* Main Engine Overhaul and authorize the Executive Director to negotiate and execute an agreement for this work.

Background/Discussion
The port main engine on the *Taurus* will reach its 10,000 hour overhaul service interval this Winter. The overhaul of this engine was originally anticipated to be needed in early FY 2016/17, based upon historic use and the projected operating hours of the vessel. However, due to increased vessel operating hours and the availability of a work window this Winter, staff recommends advancing this overhaul so that it can be completed in a timely manner and prior to the busy Spring/Summer 2016 operating season. This preventive maintenance is required to ensure reliable operation of the vessel.

The scope of work for the proposed contract requires the engine to be removed from the vessel and a complete major overhaul preformed. Once the engine is removed, WETA's spare swing engine will be installed in the *Taurus* in order to minimize the vessel down-time to about two weeks. When the engine overhaul is completed, in approximately 60 days, this engine will become a spare for storage and use when there is an engine failure or during the next engine overhaul project.

Staff recommends a project budget of $300,000 to support all costs associated with implementation of this project. Proposed contract award to Valley Power for the engine overhaul work, as a sole source contract, is for $210,000, which includes a 15% contingency to cover any unexpected adverse conditions that may be found.

Sole Source Discussion
Staff is recommending a sole source contract for this procurement in order to address the need to utilize MTU factory parts as well as the need for parts installation to be completed by a factory-authorized dealership in order to obtain a warranty on parts and labor. Given the costs involved, using a factory authorized dealership to install the manufacturer's parts significantly reduces financial risk to WETA in undertaking this project.

After researching the engine supply and parts industry, staff has concluded that there are no known aftermarket parts manufacturers for these engines and confirmed that MTU factory parts are the only parts available for these engines. Additionally, because MTU does not allow competition between its factory authorized dealerships, VPSNI is the sole MTU factory authorized dealership for the sales, parts and service of MTU Series 2000 engines in the Bay Area region.

VPSNI is well qualified to complete this work as it overhauled the *Encinal's* main engines in 2013 and *Solano's* main engines in 2014 and has provided ongoing service and repair. VPSNI performs engine service to the majority of WETA's vessels and also provides sales and service to the Golden Gate Ferry vessels.

Staff has reviewed the price quote provided by VPSNI for this work and has determined that it is fair and reasonable compared to the WETA's internal estimates and to similar work performed by other engine distributors.

In accordance with the above analysis, staff has determined that this procurement meets the requirement for sole source procurement under federal regulations and as set forth in the WETA's Administrative Code Section 502.2(E), which authorizes the agency to procure goods and services without competition under limited circumstances. Subdivision (E) of this provision allows the agency to procure items non-competitively when there is only a single source of supply available, or only one contractor is qualified to provide the service or product. Because VPSNI is uniquely able to provide and warranty the necessary work, a competitive bidding process would serve no useful purpose for this procurement.

Fiscal Impact

The *Taurus* Main Engine Overhaul project is not currently included in the FY 2015/16 Capital Budget. This item would add the project to the FY 2015/16 Capital Budget at a total cost of $300,000, funded with a combination of Federal Transit Administration (FTA) grant funds and Alameda Measure B Sales Tax grant revenues.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-28

APPROVE THE AWARD OF A SOLE SOURCE CONTRACT TO VALLEY POWER SYSTEMS NORTH, INC. FOR TAURUS MAIN ENGINE OVERHAUL PROJECT AND AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE THE AGREEMENT

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (Authority) staff has identified the need for the overhaul of the *Taurus* port main engine; and,

WHEREAS, Authority staff has determined that Valley Power Systems North, Inc. is the sole MTU factory authorized dealership for the sales, parts and service of MTU Series 2000 engines in the Bay Area region; and,

WHEREAS, the Authority Staff has identified Valley Power Systems North, Inc. being both responsive and responsible in the provision of services; now, therefore, be it

RESOLVED, the Board of Directors approves adding the *Taurus* Main Engine Overhaul project to the FY 2015/16 Capital Budget in the amount of $300,000; and be it further

RESOLVED, that the Board of Directors hereby approves entering into a sole source agreement with Valley Power Systems North, Inc. for a not-to-exceed amount of $210,000, to overhaul the Taurus main engine and authorizes the Executive Director to execute the agreement.

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on October 1, 2015.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2015-28
END