

Members of the Board

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

BOARD OF DIRECTORS' MEETING
Thursday, June 4, 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 - May 7, 2015
 - b. Approve Amendment to Agreement with the Association of Bay Area Governments for the Provision of Accounting Support Services
 - c. Approve Amendment to Agreement with Solano County Transit for the Provision of Bus Services
 - d. Approve Amendment to Blue and Gold Fleet Operating Agreement to Include Services for the Management and Operation of the Vallejo Ferry Terminal Ticket Office
 - e. Approve Amendment to Agreement with Nossaman LLP for the Provision of Legal Services
 - f. Approve Amendment to Agreement with Fast Ferry Management, Inc. for the Provision of Marine Services
 - g. Approve Amendment to Agreement with Nematode Media, LLC (DBA Bay Crossings) for Advertising in *Bay Crossings* and Other Services
 - h. Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2015/16 Regional Measure 1 Capital Funds
7. APPROVE PURCHASE OF COMMERCIAL INSURANCE POLICIES **Action**
8. AUTHORIZE RELEASE OF A REQUEST FOR PROPOSALS FOR PHASE TWO MID-LIFE REFURBISHMENT OF THE PERALTA VESSEL **Action**
9. AUTHORIZE RELEASE OF A INVITATION FOR BIDS FOR HARBOR BAY FERRY TERMINAL PILING REPLACEMENT PROJECT **Action**
10. STATUS REPORT ON ALAMEDA ACCESS PLAN ACTIVITIES **Information**

Water Emergency Transportation Authority
June 4, 2015 Meeting of the Board of Directors

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| 11. <u>AUTHORIZE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE LEASE AGREEMENT WITH THE CITY OF ALAMEDA FOR THE ALAMEDA MAIN STREET FERRY TERMINAL OVERFLOW PARKING LOT</u> | Action |
| 12. <u>ADOPT WETA SYSTEM EXPANSION POLICY</u> | Action |
| 13. <u>ADOPT WETA SYSTEM PERFORMANCE TARGETS POLICY</u> | Action |
| 14. <u>ADOPT WETA TERMINAL ACCESS POLICY</u> | Action |
| 15. <u>OPEN TIME FOR PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u> | |

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.

MEMORANDUM

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: June 4, 2015

RE: Executive Director's Report

CAPITAL PROJECT IMPLEMENTATION UPDATE

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. Staff expects to issue the Notice to Proceed on June 1.

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. The Board approved a contract with Bay Ship and Yacht for Phase 1 work in February 2015. Phase 1 is near completion with sea trials occurring in the first week of June.

Staff is anticipating issuing an RFP for Phase 2 of the project in Summer 2015 so that we are in a position to award a contract for work this coming winter. 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. An Invitation for Bids (IFB) was released on May 22, 2015, with bids due June 16, 2015. Staff anticipates being in a position to bring a recommendation for award to the Board in August so that work can begin in September and be completed during the Fall construction window.

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 Board of Directors awarded a design-build contract for the landside phase to West Bay Builders in August 2013 and work is anticipated to be complete in Spring 2015. 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 waterside construction phase to Dutra Construction in July 2014. The existing ferry maintenance facility (Building 477) will be cleaned up as required prior to surrender to Lennar Mare Island, the property owner of the land portion of the project site. Landside construction is anticipated to be complete in May 2015. The final design of the waterside phase is complete. Construction of the waterside facility components will begin within the next two months.

The Navy NEPA environmental review work for the waterside portion of the project is complete. Completion of this documentation by the Navy was required prior to entering into a submerged lands lease with WETA. Staff is coordinating with the Navy to execute the lease agreement approved by the Board in May. All required permits for the waterside construction phase of the project have been received.

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 would support ongoing daily services and would 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. The contract was executed in July 2014. Final design was completed in December 2014 and float construction has commenced and the float is anticipated to be delivered in Summer 2015.

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.

A 60-year lease agreement for the site was approved by WETA and the City in February/March 2015. Additionally, WETA and the City executed a Memorandum of Understanding regarding construction of a replacement seal haulout at Alameda Point.

On June 4, the Bay Conservation and Development Commission (BCDC) has scheduled a hearing and vote to approve a Major Permit for construction of the project. Pending approval of the Major Permit, staff will proceed with completing permitting with the U.S. Army Corp of Engineers (USACOE) prior to requesting authorization from the WETA Board to release construction bid documents for the project this summer. 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 Board in December 2013. On May 18, staff met on-site with interested members of the community to review potential locations for construction of a replacement haulout site. Based on feedback from the

community and consultation with marine biologists, staff is working to prepare a recommended concept design that would be submitted for permitting approval as early as July 2015.

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. A Memorandum of Understanding with the Port of San Francisco defining roles and responsibilities for project design development was executed last month. On May 11th, the project was presented at a joint meeting of the BDCD Design Review Board and Port Waterfront Design Advisory Committee for design review. A License Agreement was also executed with the Port of San Francisco last month to authorize on-site geotechnical, bathymetry, and surveying work in support of design development necessary to advance project permitting with the San Francisco Bay Regional Water Quality Control Board, the BCDC, and the USACOE. On July 1, the project is scheduled to be presented to the City of San Francisco Historic Preservation Commission for design review.

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 resource agency consultation and preparation of the NEPA environmental review. Consultation with the State Historic Preservation Office is complete. Terminal design activities have begun and staff has held initial meetings with the Bay Conservation and Development Commission. The next project activity will be the initial efforts for vessel procurement.

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 50th residential unit.

WETA staff is working cooperatively with City staff on this City-led project and participating in regular meetings of the 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 expects to begin 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 future consideration by the WETA Board.

Berkeley Environmental Studies – This service will provide an alternative transportation link between Berkeley and downtown San Francisco. The environmental and conceptual design work includes plans for shared use of an existing City owned parking lot at the terminal site between ferry and local restaurant (H^s Lordships) patrons. City participation is required in order to move the project forward and reach agreement on a shared use concept. The project will require a conditional use permit reviewed by the City's Planning Commission, Zoning Adjustment Board, and City Council. Similar to Richmond, a Project Memorandum of Understanding the project and identifying funding sources will need to be developed for adoption by the City Council and WETA Board.

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. Staff is evaluating a process to complete the CEQA process in the near term. The NEPA process could be completed at a later date if an operational funding source is identified.

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 onto 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.

Alameda Seaplane Lagoon Study - The City of Alameda has proposed a new ferry terminal located along Seaplane Lagoon at Alameda Point. Consistent with terms of the 2014 Transition Agreement executed between WETA and the City of Alameda, both parties are working together to explore the viability of a new ferry service connecting Seaplane Lagoon and San Francisco. WETA staff has met regularly with staff from the cities of Alameda and Oakland along with the Port of Oakland to prepare an operational evaluation of a Seaplane Lagoon ferry service. The goal of the evaluation is to identify the range of alternatives for ferry service in the central bay considering terminals at Seaplane Lagoon, Main Street and/or Clay Street in Oakland. The costs, service quality and ridership implications of each service scenario will be estimated. The results of the evaluation will ultimately feed into a concept engineering analysis that will estimate capital costs and permitting requirements for a new facility.

Staff is working with the City of Alameda to 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. The finalization

and execution of an MOU for the Seaplane Lagoon service would be subject to future consideration by the WETA Board and the City of Alameda.

Mission Bay Ferry Terminal – The 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.

Staff will continue to coordinate with the Port of San Francisco, and the City of San Francisco along with other relevant stakeholders, including the Warriors, to consider how the agency may play a role in integrating the development of this project with existing and/or future WETA ferry services to San Francisco as opportunities present themselves. Staff has secured consultant services to initiate a feasibility study for this project. The study will evaluate site engineering and coastal constraints, as well as potential operating scenarios at a conceptual level.

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

Senate Bill 231 – SB 231, authored by Senator Ted Gaines (El Dorado Hills) and sponsored by the Tahoe Transportation District, does three things, two of which benefit WETA.

1. It makes ferries eligible for grants under 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.
2. It makes ferries eligible for the Low Carbon Transit Operation Program (LCTOP), which is also funded by cap and trade money. It is this portion that we were seeking.
3. It gives the Lake Tahoe area a fixed percentage of State Transit Assistance program to take into account its special transportation needs.

SB 231 passed the Senate Transportation Committee on April 28 on a unanimous vote and is headed for the Senate Appropriations Committee next. Barry Broad has been working with Senator Gaines' office to support this bill for the benefit it provides to WETA by clarifying general ferry system eligibility for these program funds.

Emergency Response Plan – WETA's enabling legislation, SB 976 as amended by SB 1093, directed the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. WETA's Emergency Water Transportation System Management Plan (EWTSMP) was published and approved in 2009. Since this time, WETA has taken on new roles and responsibilities including assuming ownership of three existing ferry routes and starting the new East Bay to South San Francisco service. Utilizing the services of Lee Rosenberg with Navigating Preparedness Associates, staff has embarked on a process of evaluating existing plans and capabilities and updating WETA's internal and external emergency response plans. Initial efforts associated with this work included conducting an initial set of stakeholder meetings with the U.S. Coast Guard Sector San Francisco, the

Metropolitan Transportation Commission, Blue & Gold Fleet, California Office of Emergency Services, and San Francisco Department of Emergency Management in early 2015. Information and feedback from the meetings will be used in shaping the plan updates and associated work. Navigating Preparedness has prepared an outline and structure for the document and is in the process of developing a draft plan.

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.

MEETINGS AND OUTREACH

May 8, Lauren Gularte attended the regional Business Outreach Committee meeting.

On May 11, Kevin Connolly, Mike Gougherty, and Nina Rannells presented the Downtown San Francisco Ferry Terminal project to the BDCD Design Review Board and Port Waterfront Design Advisory Committee for design review.

On May 18, Kevin Connolly and Mike Gougherty led a site visit with interested stakeholders at Alameda Point to review potential locations for providing a replacement seal haulout.

On May 21, Nina Rannells attended the Bay Area Council's 2015 Outlook Conference in San Francisco

On May 21, Kevin Connolly and Mike Gougherty attended a meeting of the Technical Advisory Committee for the Treasure Island Mobility Management Program.

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 to begin the consultative process on their vessel manning review initiative.

On June 1, Lauren Gularte attended an information sharing workshop as part of the activities leading up to the Yellow Command Urban Shield Full-Scale Exercise in September 2015.

On June 4, Lauren Gularte participated in the Port of San Francisco's 2015 Earthquake Exercise focused on validating the Port's emergency plan, including structural building and facility inspections and crowd management strategies in response to simulated evacuation crowds in the vicinity of the Downtown Ferry Terminal.

OPERATIONS REPORT

The Monthly Operating Statistics Report for April 2015 is provided as Attachment A.

Attachment A

Monthly Operating Statistics Report April 2015

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide
Ridership	vs. last month	Total Passengers April 2015	76,895	24,421	10,224	74,210	185,750
		Total Passengers March 2015	71,694	25,300	10,091	69,070	176,155
		Percent change	7.25%	-3.47%	1.32%	7.44%	5.45%
	vs. same month last year	Total Passengers April 2015	76,895	24,421	10,224	74,210	185,750
		Total Passengers April 2014	64,914	21,227	7,359	70,428	163,928
		Percent change	18.46%	15.05%	38.93%	5.37%	13.31%
	vs. prior FY to date	Total Passengers Current FY To Date	729,643	216,937	87,391	692,560	1,726,531
		Total Passengers Last FY To Date **	658,189	206,251	68,777	669,275	1,602,492
		Percent change	10.86%	5.18%	27.06%	3.48%	7.74%
		Avg Weekday Ridership April 2015	2,893	1,110	465	2,908	7,376
Ops Stats		Passengers Per Hour	180	185	60	149	151
		Revenue Hours	428	132	169	499	1,228
		Revenue Miles	5,132	2,976	2,704	13,671	24,483
Fuel		Fuel Used (gallons)	46,492	14,036	18,613	113,409	192,549
		Avg Cost per gallon	\$2.34	\$2.34	\$2.34	\$2.29	\$2.33

* Vallejo ridership includes ferry + 5534 Route 200 bus passengers.

** Includes ridership during July and October 2013 BART strikes and Sept 2013 Bay Bridge closure.

MEMORANDUM

TO: Board Members

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

**SUBJECT: Monthly Review of FY 2014/15 Financial Statements for Ten Months
Ending April 30, 2015**

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2014/15 Financial Statements for ten months ending April 30, 2015.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenue	10,663,326	12,081,460	11,220,280
Local Bridge Toll Revenue	11,883,527	15,523,989	12,411,862
Other Revenue	3,597	-	500
Total Operating Revenues	22,550,450	27,605,449	23,632,641
Expenses - Year To Date:			
Planning & Administration	1,715,241	2,498,630	1,722,794
Ferry Services	20,835,209	25,106,819	21,909,848
Total Operatings Expenses	22,550,450	27,605,449	23,632,642
System-Wide Farebox Recovery %	51%	48%	51%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2014/15 Budget
Revenues:		
Federal Funds	6,021,412	34.38%
State Funds	10,264,022	46.81%
Bridge Toll Revenues	656,703	11.41%
Other Local Funds	1,070,008	28.85%
Total Capital Revenues	18,012,144	36.83%
Expenses:		
Total Capital Expenses	18,012,144	36.83%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2014/15 Statement of Revenues and Expenses
For Ten Months Ending 04/30/2015

% of Year Elapsed 83.3%

	Current Month	Year - To - Date			Budget	
		FY2013/14 Actual	FY 2014/15 Budget	FY 2014/15 Actual	FY 2014/15 Total	% of Total
OPERATING EXPENSES						
<u>PLANNING & GENERAL ADMIN:</u>						
Wages and Fringe Benefits	91,223	956,237	1,200,175	1,018,430	1,441,000	70.7%
Services	118,522	585,359	1,349,260	659,093	1,620,000	40.7%
Materials and Supplies	766	23,096	30,816	8,051	37,000	21.8%
Utilities	1,238	9,984	17,490	9,877	21,000	47.0%
Insurance	-	16,370	15,825	18,335	19,000	96.5%
Miscellaneous	10,624	69,542	91,616	64,391	110,000	58.5%
Leases and Rentals	23,882	226,316	238,203	235,030	286,000	82.2%
Admin Overhead Expense Transfer	(30,372)	(171,663)	(444,756)	(290,413)	(534,000)	54.4%
Sub-Total Planning & Gen Admin	215,883	1,715,241	2,498,630	1,722,794	3,000,000	57.4%
<u>FERRY OPERATIONS:</u>						
<u>Harbor Bay FerryService</u>						
Purchased Transportation	123,994	1,258,121	1,459,616	1,191,286	1,752,500	68.0%
Fuel - Diesel & Urea	32,801	404,836	492,730	312,111	591,600	52.8%
Other Direct Operating Expenses	28,164	290,085	527,794	329,640	633,700	52.0%
Admin Overhead Expense Transfer	6,472	38,665	97,447	57,925	117,000	49.5%
Sub-Total Harbor Bay	191,431	1,991,706	2,577,587	1,890,962	3,094,800	61.1%
Farebox Recovery	58%	46%	40%	51%	40%	
<u>Alameda/Oakland Ferry Service</u>						
Purchased Transportation	468,262	3,575,666	3,690,060	4,354,626	4,430,500	98.3%
Fuel - Diesel & Urea	108,665	1,090,280	1,538,407	982,564	1,847,100	53.2%
Other Direct Operating Expenses	54,802	615,242	1,030,268	553,007	1,237,000	44.7%
Admin Overhead Expense Transfer	11,797	64,942	174,071	112,110	209,000	53.6%
Sub-Total Alameda/Oakland	643,527	5,346,130	6,432,807	6,002,307	7,723,600	77.7%
Farebox Recovery	60%	58%	56%	56%	56%	
<u>Vallejo FerryService</u>						
Purchased Transportation	741,961	5,873,153	6,231,500	7,221,314	7,481,900	96.5%
Fuel - Diesel & Urea	260,226	4,014,303	5,309,589	3,163,619	6,375,000	49.6%
Other Direct Operating Expenses	82,580	921,956	1,324,024	816,341	1,589,700	51.4%
Admin Overhead Expense Transfer	4,648	29,363	60,800	51,578	73,000	70.7%
Sub-Total Vallejo	1,089,416	10,838,775	12,925,913	11,252,851	15,519,600	72.5%
Farebox Recovery	64%	57%	54%	56%	54%	
<u>South San Francisco FerryService</u>						
Purchased Transportation	162,626	1,766,124	1,810,507	1,927,026	2,173,800	88.6%
Fuel - Diesel & Urea	43,498	543,599	673,797	431,572	809,000	53.3%
Other Direct Operating Expenses	27,363	310,182	573,769	336,329	688,900	48.8%
Admin Overhead Expense Transfer	7,455	38,693	112,438	68,800	135,000	51.0%
Sub-Total South San Francisco	240,943	2,658,598	3,170,512	2,763,727	3,806,700	72.6%
Farebox Recovery	28%	17%	14%	21%	14%	
Total Operating Expenses	2,381,199	22,550,450	27,605,448	23,632,642	33,144,700	71.3%
OPERATING REVENUES						
Fare Revenue	1,259,199	10,663,326	12,081,460	11,220,280	14,505,700	77.4%
Local - Bridge Toll	1,122,000	11,883,527	15,523,989	12,411,862	18,639,000	66.6%
Local - Other Revenue	-	3,597	-	500	-	0%
Total Operating Revenues	2,381,199	22,550,450	27,605,448	23,632,642	33,144,700	71.3%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2014/15 Statement of Revenues and Expenses
For Ten Months Ending 4/30/2015

Project Description	Current Month	Project Budget	Prior Years Actual	FY 2014/15 Budget	FY 2014/15 Actual	Future Year	% of Total Project Budget
CAPITAL EXPENSES							
FACILITIES:							
Maintenance and Operations Facilities							
North Bay Operations & Maintenance Facility	1,033,718	30,232,000	5,132,061	19,130,939	9,627,228	5,969,000	49%
Central Bay Operations & Maintenance Facility	204,797	38,000,000	1,228,371	5,750,629	732,934	31,021,000	5%
Float Rehabilitation							
Regional Spare Float Replacement	(0)	3,862,000	58,976	2,965,024	1,600,070	838,000	43%
Gangway, Pier & Terminal Improvement							
Clipper Site preparation - Vallejo		300,000	148,695	151,305	27,721	-	59%
East Bay Ferry Terminal Refurbishment	7,073	2,595,400	341,509	2,253,891	1,975,466	-	89%
Electronic Bicycle Lockers		79,500	-	79,500	-	-	0%
Channel Dredging - Vallejo	33,242	1,200,000	-	75,000	44,422	1,125,000	4%
FERRY VESSELS:							
Major Component Rehabilitation / Replacement							
Vessel Engine Overhaul - Gemini Class Vessels		1,320,000		1,320,000	775,927	-	59%
Vessel Engine Overhaul - Solano		2,000,000	699,042	1,240,958	567,866	60,000	63%
Major Component Rehab - Pisces	-	200,000	-	200,000	-	-	0%
Vessel Mid-Life Repower/Refurbishment							
Vessel Mid-Life Refurbishment - Bay Breeze	64,424	5,015,000	4,738,923	276,077	65,872	-	96%
Vessel Mid-Life Refurbishment - Peralta	1,300,290	5,260,000	-	1,010,000	1,893,748	4,250,000	36%
Vessel Expansion/Replacement							
Purchase Replacement Vessel - Express II & Encinal ¹	61,117	33,951,000	50,568	9,949,432	220,258	23,951,000	1%
Purchase Replacement Vessel - Vallejo	291	20,000,000	-	200,000	291	19,800,000	0%
CAPITAL EQUIPMENT / OTHER:							
Purchase 18-Ton Crane Truck		175,000	-	175,000	-	-	0%
Purchase Work Skiff	59,720	100,000	-	100,000	59,896	-	60%
SERVICE EXPANSION:							
Future Expansion Service Studies							
Berkeley Terminal - Environ/Concept Design		2,335,000	2,183,016	151,984	3,783	-	94%
Antioch - Environ/Concept Design		812,500	146,198	25,002	218	641,300	18%
Martinez - Environ/Concept Design		812,500	164,894	25,006	-	622,600	20%
Downtown Ferry Terminal Expansion - Environ/Concept Design	108,975	3,300,000	2,581,846	718,154	283,217	-	87%
Terminal/Berthing Expansion Construction							
SSF Terminal Oyster Mitigation Study		275,000	83,330	191,670	29,854	-	41%
Downtown Ferry Terminal Expansion - Bridging Design		3,745,000	-	1,872,500	-	1,872,500	0%
Richmond Ferry Terminal	10,844	1,862,500	559,294	1,040,706	103,374	262,500	36%
Total Capital Expenses	2,884,491	157,432,400	18,116,723	48,902,777	18,012,144	90,412,900	
CAPITAL REVENUES							
Federal Funds	978,818	64,124,919	6,622,379	17,515,330	6,021,412	38,421,985	20%
State Funds	1,449,169	50,366,926	8,146,559	21,924,882	10,264,022	39,971,042	37%
Local - Bridge Toll	99,309	36,457,071	2,456,805	5,753,455	656,703	10,268,872	9%
Local - Alameda Sales Tax Measure B	357,195	5,133,484	890,980	3,659,111	1,070,008	451,000	38%
Local - San Francisco Sales Tax Prop K	-	1,300,000	-	-	-	1,300,000	0%
Local - Transportation Funds for Clean Air	-	50,000	-	50,000	-	-	0%
Total Capital Revenues	2,884,491	157,432,400	18,116,723	48,902,777	18,012,144	90,412,900	

¹ Board approved Project Budget increase of \$451,000, from \$33.50 million to \$33.95 million, in April 2015.

MEMORANDUM

TO: Board Members

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

SUBJECT: WETA Federal Legislative Board Report – May 26, 2015

This report is divided into three sections:

1. Congress Extends Transportation Policy But Doesn't Address the Funding Question
2. Activity by Authorizing Committees Largely Symbolic Without a Funding Mechanism
3. Our Efforts in Washington DC to Secure Funds Specifically for WETA

Congress Extends Transportation Policy But Doesn't Address Funding Question

There is good news and bad news on the transportation front. The good news is that Congress passed an extension of existing surface transportation policy (MAP-21); giving the Department of Transportation (DOT) the authority it needs to administer the highway and transit programs under its jurisdiction. The bad news is that DOT's authority was only extended for two months – DOT's authority now expires on July 31, 2015.

Extending DOT's authority for two months was a relatively easy vote for Members of Congress to take given that the Highway Trust Fund (HTF) – which provides the actual funding for highway and transit programs authorized through MAP-21 – is not projected to run out until late July, meaning that Congress did not have to find any new funding to pay for the extension. That will not be the case come July 31, however, when an extension of any length will have to be paid for.

Some Members of Congress argue that the latest extension gives Congress another two months – and puts pressure on them – to come up with a long term funding mechanism to pay for a new, multi-year, transportation bill. Proposals include increasing the gas tax, tax reform and bonding programs. In reality, the best Congress will likely be able to do by July 31 is pass another short-term extension of existing policy (MAP-21), either through the end of the fiscal year (September 30, 2015) or the end of the calendar year (December 31, 2015). A short-term extension would likely cost between \$4 billion and \$8 billion (depending on the length of the extension) and would likely be paid for through a combination of budget gimmicks, spending cuts, and shifting funding from other programs to the HTF.

Activity by Authorizing Committees Largely Symbolic Without a Funding Mechanism

Even though members of the Senate Finance Committee and House Ways and Means Committee (both responsible for identifying funding for a surface transportation bill) have failed to come up with a way to pay for investments in highways and transit, the authorizing

Committees continue working on a longer-term policy bill. In fact, House Transportation and Infrastructure (T&I) Committee Chairman Bill Shuster has reportedly written a multi-year bill, which is being kept under lock and key until Finance and Ways and Means come up with a way to pay for it – Shuster hasn't even shared details of his bill with other Republican members of the T&I Committee.

The Senate Environment and Public Works (EPW) Committee is equally far along. Rather than keep the details of their bill locked away, however, the Committee is planning to mark up their bill in June. We expect the EPW bill to largely match the bill that was passed out of the EPW Committee in 2014. That bill – which we worked with Senator Boxer's staff on – modified the Federal Highway Administration (FHWA) ferry formula program in a way that would provide additional funding to WETA.

Unfortunately, the work being done by the T&I and EPW Committees is largely symbolic – without a way to pay for a multi-year bill, Congress will be limited to short-term extensions of existing policy.

Our Efforts in Washington DC to Secure Funds Specifically for WETA

When the EPW Committee takes up its longer-term surface transportation bill next month, it will not cover the Federal Transit Administration (FTA) ferry grant program. That is because the FTA program falls under the jurisdiction of the Senate Banking Committee (this is unlike in the House where a single committee – the T&I Committee – has jurisdiction over both agencies). The Banking Committee has not indicated when it will take up its portion of MAP-21. In the meantime, we are continuing to advocate for increasing the funding for the FTA program from \$30 million per year to \$60 million per year, which would allow WETA to seek larger grants from this program.

Increasing the funding for the FTA program is a key part of our efforts to provide “balance” in the way that funding for public ferry systems is distributed. Even with an improved FHWA formula, WETA is at a competitive disadvantage in the FHWA program. The FTA program provides us with an opportunity to level the playing field. In fact, this has been our strategy since MAP-21 originally passed back in 2012. At that time, the Bay Area Congressional delegation – at our request – sent a letter to FTA encouraging the agency to implement the ferry grant program in a way that ensures that passenger ferry systems in congested urban areas (where route segments tend to be shorter) receive their fair share of federal funding. By sending this letter, the delegation encouraged FTA to pay special attention to grant applications from WETA and other passenger-only ferry systems.

END

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

(May 7, 2015)

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

1. ROLL CALL AND CALL TO ORDER

Chair Jody Breckenridge called the meeting to order at 1:02 p.m. and led the Pledge of Allegiance. Other directors present were Director Timothy Donovan and Director Anthony Intintoli.

2. REPORT OF BOARD CHAIR

Chair Breckenridge noted that she had met with the Director of the Port of San Francisco to discuss areas where WETA and the Port's priorities aligned. She added that she looked forward to establishing regular meetings with the Port.

3. REPORT OF DIRECTORS

Director Intintoli noted his attendance and thanked WETA Executive Director Nina Rannells for her annual presentation to the Government Affairs Committee at the Vallejo Chamber of Commerce.

4. PUBLIC HEARING ON PROPOSED BALLPARK FARE CHANGES

Chair Breckenridge noted that the Public Hearing and Ballpark Ferry Service Fare Change items would be taken out of order as they were timed items on the agenda. She then opened the Public Hearing at 1:05 p.m. Senior Planner Michael Gougherty introduced the item with a brief review of the proposed changes.

Public Comment

Hans Korve of Korve Consulting asked what the change was to the discount for Vallejo seniors.

Mr. Gougherty replied that the discount would change from 50% to 25%.

Chair Breckenridge asked if flyers regarding the change had been available onboard. Mr. Korve stated that he had not seen any flyers. Manager of Public Information and Marketing Ernest Sanchez replied that flyers had indeed been posted on the vessels. Manager of Planning and Development Kevin Connolly reported that he had seen signage and heard announcements regarding the public hearings on both the Alameda/Oakland and Harbor Bay services. Mr. Sanchez added that BayAlerts had also been issued advising riders of public hearings regarding the proposed changes.

Director Donovan noted that there had been no change to the Alameda/Oakland adult fare. Mr. Gougherty said that this was correct and explained that only the senior discount had changed and that the Alameda/Oakland fares required fewer adjustments than Vallejo as the Alameda/Oakland service recovered more of its cost than Vallejo.

Ms. Rannells noted that as a result of the lack of public input in response to the proposal, staff was recommending Alternative #3 as the most balanced approach to the fare changes.

Chair Breckenridge asked if the next iteration of Clipper would provide special fare categories for low income passengers. Mr. Connolly noted that WETA's fare program had been designed to coincide with the roll-out of Clipper 2.0 in 2020 but that the recreational services provided to AT&T Park would be revisited annually based on their performance.

Ms. Rannells noted that the proposed changes incorporated regional age categories established for Clipper 2.0.

Director Intintoli asked if the public hearings had been held in the evenings. Mr. Gougherty replied that one was held in the afternoon and one in the evening to encourage public attendance.

Chair Breckenridge said that she wanted to confirm that the public had had adequate opportunity to provide input and said that it would be interesting to see if the changes would affect ridership. Ms. Rannells noted that it was more common receiving input via email in recent years and fewer people chose to attend WETA's public hearings.

Chair Breckenridge closed the public hearing at 1:19 p.m. noting that no additional comments had been received.

5. APPROVE BALLPARK FERRY SERVICE FARE CHANGES

Mr. Gougherty presented this item requesting Board approval of the proposed ballpark ferry service fare changes under Alternative #3 and to authorize the Executive Director to take related actions necessary to implement the fare changes.

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

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

6. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and offered to respond to any questions.

Administrative/Policy Analyst and DBE Administrator Lauren Gularte noted WETA's participation in several upcoming emergency response exercises including Yellow Command Urban Shield 2015, the Port of San Francisco's emergency response exercise which would focus on Port responsibilities, and MTC's Functional Exercise Fall 2015. Manager of Operations Keith Stahnke added that staff was also working on a revision of its Emergency Water Transportation System Management Plan as well as its internal plan.

Chair Breckenridge asked that staff investigate whether it would be appropriate for the Board to observe the June 4 exercises and that details be shared with the Board as they became available. Ms. Gularte noted that the next Board meeting was scheduled for the same date. Ms. Rannells said that staff would investigate the option.

Chair Breckenridge asked if MTC would be involved in the Port's exercise. Ms. Gularte said that she did not believe so.

Chair Breckenridge asked if there was any update regarding the activities of the Bay Area Council. Ms. Rannells noted that the Council had established a "Ferry Transportation Subcommittee" and that WETA had not been invited to its inaugural meeting. Ms. Rannells added that she would be meeting with

Council President Jim Wunderman to determine WETA's involvement. She also noted Mr. Wunderman's guest editorial in the San Francisco Chronicle which had been provided as a handout to the Board.

Chair Breckenridge asked that staff reiterate realistic expectations in any exchanges with the Council, noting the ongoing challenges of dredging, terminals and obtaining operating funding. She noted that service expansion would not occur overnight but that it would be a win-win to include the Council as partners in expansion discussions.

Ms. Rannells then reported that CA SB 231 has passed the Senate Transportation Committee and was on its way to the Senate Appropriations Committee. She noted that SB 231 clarified ferry eligibility for the Low Carbon Transit Operation Program which was included as part of the 2014-15 budget's cap and trade funding. Chair Breckenridge asked if there was any expectation of what would happen with the bill in Appropriations. Ms. Rannells said that she had not heard a prediction from WETA's State legislative representative Barry Broad of Broad & Gusman, LLP, but noted that these were non-controversial items intended as clarification to existing legislation.

Chair Breckenridge asked for an update regarding *Peralta's* mid-life overhaul. Mr. Stahnke replied that he anticipated that *Peralta* would return to service by the end of the month or early June. He noted that a late engine delivery had caused a two to three week delay in project delivery.

Chair Breckenridge asked if the North Bay Operations and Maintenance Facility would be completed in time for the June Board meeting. Senior Planner Chad Mason reported that completion of the punch list was underway and that the facility may be ready within the next month or two. Chair Breckenridge said that she would leave it up to staff for scheduling but that the Board anticipated a site visit after project completion.

Chair Breckenridge asked for a status update on the Alameda Terminals Access Study. Mr. Connolly noted that as indicated in the Executive Director's Report, WETA had put access plan activities on hold to allow the City of Alameda to move forward with its own initiatives to improve parking at the Harbor Bay and Alameda Main Street terminals.

Chair Breckenridge asked if there were any updates regarding USCG manning requirements. Ms. Rannells replied that the USCG would engage but that the onus would be on WETA to clarify the issue. Chair Breckenridge encouraged direct engagement and suggested that WETA demonstrate its past record and working standards to the USCG.

Chair Breckenridge asked for a status update on the issue of South San Francisco farebox recovery requirements. Mr. Connolly replied that MTC would be taking actions in May and October 2015 with the intent of giving the service an additional year to meet their requirement. He said that WETA had engaged its partners, including South San Francisco employers, to lobby MTC for the October action, and that MTC is aware that WETA does not consider a one year extension sufficient.

7. CONSENT CALENDAR

Director Intintoli made a motion to approve the consent calendar which included:

- a) Board Meeting Minutes for the April 2, 2015 meeting;
 - b) Authorization to File Applications with the Metropolitan Transportation Commission for FY 2015/16 Regional Measure 2 Operating Funds;
 - c) Authorization to File an Application with the Metropolitan Transportation Commission for \$12,000,000 Regional Measure 2 Capital Funds;
-

d) Approval of an Amendment to the Agreement with GHD for Engineering and Construction Support Services for the North Bay Operations and Maintenance Facility.

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

Yeas: Breckenridge, Donovan, Intintoli. Nays: None. Absent: DeIBono.

8. APPROVE FISCAL YEAR 2015/16 OPERATING AND CAPITAL BUDGET

Manager of Finance and Grants Lynne Yu presented this item requesting Board approval of the proposed Fiscal Year 2015/16 Operations and Capital Budget.

Chair Breckenridge asked if there would be sufficient funds to operate the replacement vessel for the *Express II*. Ms. Yu replied that the *Express II* was intended as a backup vessel and would be placed into service only when needed. When not in operation, the *Express II* would incur minimal expenses for routine maintenance and insurance. Ms. Rannells added that WETA currently utilized eight vessels in service and maintained three as backup but operationally required four.

Mr. Stahnke noted the general need for more vessels, including for AT&T Park service, noting that the older vessels in the fleet would serve as backups and rotate in as needed. Ms. Rannells added that WETA's current fleet should suffice for the next year but that it needed 12 operational vessels to sustain the appropriate level of service.

Director Donovan asked if the new USCG manning requirements were included in the budget. Ms. Rannells replied that they were not included and that if the USCG requirements were applied to WETA, it would create a \$2.2 million impact. Director Donovan asked if Blue & Gold Fleet's wage increases were included in the budget. Ms. Yu replied affirmatively, and noted that Blue & Gold Fleet's billing rates were set in the multi-year operations and maintenance contract.

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

Yeas: Breckenridge, Donovan, Intintoli. Nays: None. Absent: DeIBono.

9. AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A MEMORANDUM OF UNDERSTANDING WITH THE PORT OF SAN FRANCISCO FOR IMPLEMENTATION OF THE DOWNTOWN SAN FRANCISCO FERRY TERMINAL EXPANSION PROJECT

Mr. Gougherty presented this item requesting that the Board authorize the Executive Director to negotiate and execute a Memorandum of Understanding (MOU) with the Port of San Francisco for implementation of the Downtown San Francisco Ferry Terminal Expansion project. He introduced Wharfinger Anita Yao, who was in attendance on behalf of the Port of San Francisco.

Chair Breckenridge asked if there was an alternative approach in lieu of landing fees. Ms. Rannells replied that the Port's current fee structure did not cover their costs and that a new cost proposal would be coming in the next six months. She noted that the model in use was that the Port was responsible for landside costs and that WETA was responsible for the waterside, noting that there was value in this set-up for both parties.

Chair Breckenridge asked for clarification regarding WETA's obligations related to the seawall adjacent to the project site. Mr. Gougherty replied that this is not WETA's responsibility and that a Port study was

underway regarding the status of the seawall. He noted that WETA was having a geotechnical analysis/study prepared related to the Downtown Expansion project and its interaction with the seawall, but that the MOU at hand would specify that WETA would not impact the seawall and that work on the seawall is not a part of the Downtown Expansion project.

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

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

10. APPROVE FY 2015-2018 TITLE VI PROGRAM

Ms. Gulate presented this item requesting Board approval of the FY 2015-2018 Title VI Program and delivered a brief background and overview of the project.

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

Yeas: Breckenridge, Donovan, Intintoli. Nays: None. Not Absent: DelBono.

11. AUTHORIZE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE A LEASE AGREEMENT WITH THE UNITED STATES NAVY FOR THE WATERSIDE PHASE OF THE NORTH BAY MAINTENANCE FACILITY

Mr. Mason presented this item requesting that the Board authorize the Executive Director to negotiate and execute a Lease Agreement with the United States Navy (Navy) and take any other such related actions.

Regarding Section 8 of the lease, Chair Breckenridge asked if this was considered low risk. Mr. Mason replied that it was. Chair Breckenridge asked if there would be a similar agreement with the City of Vallejo. Mr. Mason replied that there would be.

Director Donovan asked for confirmation that the lease covered only waterside aspects of the project. WETA counsel Stanley Taylor III of Nossaman LLP replied that it was all waterside and that it would be non-negotiable with the City as they favored ferry service. Ms. Rannells agreed and noted that the City had been involved throughout the process.

Public Comment

Mr. Korve asked why there would be no MOU with the City of Vallejo. Ms. Rannells explained that this was covered through the transition agreement with the City. Chair Breckenridge added that WETA was a partner with the City on the project.

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

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

12. AUTHORIZE RELEASE OF A REQUEST FOR QUALIFICATIONS FOR ON-CALL PLANNING, MARINE ENGINEERING AND PROFESSIONAL SERVICES

Mr. Mason presented this item requesting that the Board authorize the release of a Request for Qualifications for on-call planning, marine engineering and professional services to support WETA programs and services.

Chair Breckenridge commented that she understood there had been a good turnout at MTC's Business Outreach Committee meeting.

Public Comment

Veronica Sanchez commented on behalf of Veronica Sanchez Consulting, a woman-owned business, that she appreciated WETA's outreach to DBE firms. She noted that WETA straddled the transportation and maritime worlds. She recommended that WETA adopt a local business enterprise (LBE) program in addition to its DBE program.

Director Donovan asked regarding the Business Outreach Committee if it created opportunities for firms to partner. Ms. Gularte replied that the recent event Chair Breckenridge had referred to was a "Meet the Buyers" event and that WETA typically held pre-bid conferences for its projects at which firms had the opportunity to seek partnerships.

Chair Breckenridge referred to Ms. Sanchez' comment, asking if WETA had done any LBE outreach. Ms. Gularte replied that WETA did not have an LBE plan as they were restricted from geographical preferences. Mr. Taylor agreed that this was the case.

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

Yeas: Breckenridge, Donovan, Intintoli. Nays: None. Absent: DeIBono.

13. AUTHORIZE RELEASE OF AN INVITATION FOR BIDS FOR DREDGING AND MARINE CONSTRUCTION SERVICES FOR VALLEJO DREDGING PROJECT

Mr. Stahnke presented this item requesting authorization for the release of an Invitation for Bids for Dredging and Marine Construction services for the 2015 Vallejo dredging project.

Chair Breckenridge asked if there were any issues with the US Army Corps of Engineers (USACE). Mr. Stahnke replied that BCDC and the Water Quality Control Board were all ready to approve the project pending permitting by the USACE.

Chair Breckenridge asked why there were so many delays with the USACE. Mr. Gougherty replied that all projects experiencing delays with the USACE and that it was partly due to new staff. He added that that USACE had been accustomed to seeing ferry projects originating from WETA come from the cities or operators.

Chair Breckenridge asked if they would hold up the project. Mr. Stahnke said that he did not believe so and that WETA was well prepared to move the project forward. Chair Breckenridge offered Board intervention if required.

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

Yeas: Breckenridge, Donovan, Intintoli. Nays: None. Absent: DeIBono.

14. PUBLIC COMMENT

David Biggs, City Manager of the City of Hercules, introduced himself to WETA Board and staff. He updated the Board on the status of Hercules' intermodal transit center and Bay Trail improvements, adding that he anticipated Hercules becoming the second ferry service to be implemented in West Contra Costa after the Richmond service. Chair Breckenridge thanked Mr. Biggs for his attendance.

Mr. Korve asked if staff had looked at reasons behind the low ridership on the South San Francisco service. Mr. Connolly replied that WETA did not consider the ridership to be low, noting that it had exceeded projections and that a route in service for two years was not comparable to other routes that had been in operation for 20 years. He added that WETA was happy with the service's growth. Chair Breckenridge noted that South San Francisco was very much a commuter service and that its growth was on track.

15. ADJOURNMENT

All business having concluded, the meeting was adjourned at 3:38 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Amendment to Agreement with the Association of Bay Area Governments for the Provision of Accounting Support Services

Recommendation

Approve Amendment No. 14 to the agreement with the Association of Bay Area Governments (ABAG) in the amount not-to-exceed \$127,000 for the provision of accounting support services for FY 2015/16 and authorize the Executive Director to execute the amendment.

Background

On March 22, 2001, the Water Transit Authority (WTA) Board approved an agreement with ABAG to manage its fiscal affairs in conformance with accepted state government accounting practices. This agreement transferred over to the Water Emergency Transportation Authority (WETA) upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work.

The current amendment is set to expire on June 30, 2015. The Board of Directors authorized staff to negotiate renewal of this contract as a part of the FY 2015/16 Administrative Support Professional Services Contracts Plan approved on January 8, 2015.

Discussion

The annual ABAG agreement is for fiscal services to process and pay invoices, keep WETA's accounting records, provide advice on financial accounting matters and provide for required independent financial audit work. Through this contract work, WETA receives the benefit of ABAG finance staff's knowledge of governmental accounting practices, access to their professional staff to help manage financial audits, use of ABAG's accounting software system, an independent review of invoices and check processing services. This arrangement provides an overall cost saving over what it would cost to directly hire accounting personnel and purchase, manage and maintain financial accounting software. It also allows WETA staff to focus our financial efforts on more specialized grant and financial planning work. In FY 2015/16, work will also include the services of independent auditor Maze & Associates Accountancy Corporation to conduct WETA's annual fiscal audit for FY 2014/15 and the services of Bartel Associates, LLC to prepare WETA's June 30, 2015 Other Post- Employment Benefits (OPEB) Actuarial Valuation.

Staff recommends that the Board of Director's authorize a contract amendment for FY 2015/16 services in the not-to-exceed amount of \$127,000. All services received through this agreement will be provided on a cost reimbursable basis.

Fiscal Impact

Sufficient funds are included in the FY 2015/16 Operating Budget to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-14

APPROVE AMENDMENT TO AGREEMENT WITH THE ASSOCIATION OF BAY AREA GOVERNMENTS FOR THE PROVISION OF ACCOUNTING SUPPORT SERVICES

WHEREAS, WETA is required to manage its fiscal affairs in conformance with accepted State government accounting practices; and

WHEREAS, on March 22, 2001, the Water Transit Authority Board entered into an agreement with the Association of Bay Area Governments (ABAG) for provision of financial and other support services as a cost-effective method to meet this obligation in the amount of \$75,000 for services through March 21, 2003; and

WHEREAS, the Board approved the following amendments to that agreement: Amendment No. 1 in the amount of \$85,000, Amendment No. 2 in the amount of \$65,000, Amendment No. 3 to in the amount of \$20,000, Amendment No. 4 in the amount of \$90,000, Amendment No. 5 in the amount of \$90,000, Amendment No. 6 in the amount of \$95,000, and

WHEREAS, this agreement was transferred to the San Francisco Bay Area Water Emergency Transportation Authority (Authority) upon its creation on January 1, 2008; and

WHEREAS, WETA subsequently authorized Amendment No. 7 in the amount of \$95,000, Amendment No. 8 in the amount of \$90,000, Amendment No. 9 in the amount of \$95,000, Amendment No. 10 in the amount of \$100,000, Amendment No. 11 in the amount of \$100,000, Amendment No. 12 in the amount of \$120,000, Amendment No. 13 in the amount of \$110,000; and

WHEREAS, ABAG provides these services on a cost reimbursable basis and funding of these services is provided annually; and

WHEREAS, an extension and additional funding is required to maintain the services of the ABAG through FY 2015/16; now, therefore, be it

RESOLVED, the Board of Directors hereby approves an amendment in the amount not-to-exceed \$127,000 to the agreement with the Association of Bay Area Governments and extends the agreement to June 30, 2016; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-14

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amendment to Agreement with Solano County Transit for the Provision of Bus Services

Recommendation

Approve Amendment No. 3 to the agreement with Solano County Transit (SolTrans) at an estimated cost of \$413,000 for the provision of Route 200 bus service for FY 2015/16 and authorize the Executive Director to execute the amendment.

Background

As a part of the Vallejo Ferry Service (Ferry Service) transition, WETA entered into an agreement with SolTrans for the provision of Route 200 bus service and other ancillary services necessary to maintain the Ferry Service as historically operated. The Route 200 is a door-to-door express bus service between the Vallejo and San Francisco ferry terminals that is operated on a limited basis to complement the Ferry Service schedule. Other ancillary services have included all aspects of ferry ticketing services and the provision of back-up bus services when ferries are unable to make their regularly scheduled trips. These services are all provided by SolTrans' contract operator, National Express, and administered by SolTrans on WETA's behalf.

The current agreement for services, which are provided on a cost reimbursable basis, is set to expire on June 30, 2015. The Board of Directors authorized staff to negotiate renewal of this contract as a part of the FY 2015/16 Administrative Support Professional Services Contracts Plan approved on January 8, 2015.

Discussion

As a part of the contract renewal discussions, WETA and SolTrans staffs mutually agreed to work towards eliminating the ticket sales element from this contract; a function administered by SolTrans as a hold-over from the historic operational configuration administered by the City of Vallejo when they managed both bus and ferry services. Staff has work with Blue and Gold to develop a plan for transitioning the Vallejo ticket sales services under their management beginning July 1 (the subject of a separate agenda item). This will provide consistent ticketing services throughout the WETA system and a more direct means of managing the quality of this service in Vallejo. As a result of this change, the SolTrans agreement will be limited to the provision of Route 200 and back-up bus services for the Vallejo ferry service as described below.

1. **Route 200 Bus Service:** Provide an estimated 3,156 revenue hours of Route 200 bus service at an annual cost of \$400,900.
2. **Back-up Bus Service and Standby Drivers:** Provide on-demand back-up bus service and stand-by drivers to support the Ferry Service when vessels are not available to operate regularly scheduled service between the Vallejo Ferry Terminal and the San Francisco Ferry Building. These services are provided on an as-needed basis at an hourly rate of \$71.93 for back-up service operation and \$35.29 for stand-by drivers. The estimated cost for these services in FY 2015/16 is \$12,100.

As a part of this contract, SolTrans is required to provide monthly operations, financial and ridership data for the Route 200 and back-up bus trips provided.

Fiscal Impact

Sufficient funds are included in the FY 2015/16 Operating Budget for the Vallejo Ferry Service to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-15

APPROVE AMENDMENT TO THE AGREEMENT WITH SOLANO COUNTY TRANSIT FOR THE PROVISION OF BUS SERVICES

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (WETA) was established pursuant to California Senate Bill 976, as amended by Senate Bill 1093, codified as the San Francisco Bay Area Water Emergency Transportation Response and Disaster Recovery Act, California government Code Section 66540 *et. seq.* (as so amended, Act) which authorizes the consolidation of San Francisco Bay Area publicly operated regional ferry services; and

WHEREAS, pursuant to the Act, WETA has entered into a certain Ferry Service Operations Transfer Agreement by and between WETA and the City of Vallejo (City) effective July 1, 2012 (Transfer Agreement), pursuant to which the City transferred to WETA assets necessary for operation of, and the obligation to operate the Vallejo Ferry Service, which provides ferry service from Vallejo to San Francisco, including supplemental bus service through the Vallejo bus network otherwise known as "Route 200"; and

WHEREAS, Solano County Transit (SolTrans) was formed on November 30, 2010 as a Joint Powers Authority among the City, City of Benicia and the Solano Transportation Authority to provide transit services between the City and the City of Benicia as well as Route 200 and supplemental back-up bus services between the Vallejo Ferry Terminal and the San Francisco Ferry Building through its contract for Operation of Fixed Route and Paratransit Transit Service with their transit operator (Bus Services Contract); and

WHEREAS, on June 29, 2012, WETA executed Agreement No. 12-012 with SolTrans for provision of Route 200, supplemental back-up bus services and ticketing services on a cost reimbursement basis through June 30, 2013; and

WHEREAS, WETA authorized Amendment No. 1 in June 2013 for an amount not to exceed \$665,000 for bus and ticketing services through June 30, 2014; and

WHEREAS, WETA authorized Amendment No. 2 in June 2014 for an amount not to exceed \$623,000 for bus and ticketing services through June 30, 2015; and

WHEREAS, WETA staff has recommended amending Agreement No. 12-012 with SolTrans to provide Route 200 and supplemental back-up bus services in FY 2015/16 for an amount not to exceed \$413,000; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 3 to the Agreement No. 12-012 with SolTrans for an estimated cost of \$413,000 and extends the agreement to June 30, 2016; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the amendment 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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-15

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Ernest Sanchez, Manager, Marketing and Public Relations

SUBJECT: Approve Amendment to Blue and Gold Fleet Operating Agreement to Include Services for the Management and Operation of the Vallejo Ferry Terminal Ticket Office

Recommendation

Approve Amendment No. 4 to Agreement #11-011 with Blue and Gold Fleet, L.P. to include services to support the operation and management of the Vallejo Ferry Terminal Ticket Office and authorize the Executive Director to negotiate and execute the amendment and take any other such actions necessary to support this effort.

Background/Discussion

The Vallejo Ferry Terminal Ticket Office (VTO) provides general customer service and sells fare media (ferry and Route 200 tickets, Clipper Cards) to the general public. Since 2012, when the Vallejo services were transferred to WETA from the City of Vallejo, SolTrans has managed the VTO on WETA's behalf under an agreement. Under the agreement, SolTrans is required to staff the office 7 days per week, and provide fare media sales functions. In addition, SolTrans is required to manage an Outside Vendor Ticket Sales program wherein Soltrans distributes tickets to remote sales locations such as Safeway and Bay Crossings.

For its part, SolTrans has met these obligations through its bus operations contract with National Express, a third party vendor, consistent with the manner in which the City of Vallejo historically delivered this system function when it operated both ferry and bus service operations. This arrangement was initially extremely helpful in facilitating a smooth transition of Vallejo ferry services to WETA as it allowed ticket sales to be managed and delivered consistent with historic practice.

Discussion

As a part of the contract renewal discussions with SolTrans for FY 2015/16 services, WETA and SolTrans staffs agreed that it was in the mutual interest of both parties to transition management and operation of the VTO to WETA and its service contractor, Blue and Gold Fleet. Over the past year, these services have become increasingly difficult for SolTrans to deliver through their contract operator and it has become apparent that WETA customers would be better served if ticket sales are managed by Blue and Gold employees who are familiar with the SF Bay Ferry system and the Vallejo ferry operations.

Discussion of this change has arisen at the same time that staff has been exploring ways to improve its response to customer enquiries by consolidating customer input from email, phone, and internet/social media into one SFBF Customer Service Center. Utilizing the VTO staff to support a centralized approach to customer service would improve SFBF

responsiveness to public inquiries while improving WETA management's ability to monitor customer service enquiry response performance.

Staff believes that improving VTO customer service performance and development of a Customer Service Center can be effectively achieved by transferring SolTrans ticket sales and customer service responsibilities to Blue and Gold Fleet (B&GF). B&GF employees are experienced sales and customer service professionals, and have thorough knowledge of the SFBF system in general and the Vallejo operations in particular, and B&GF management understands and is committed to the rapid implementation of the Vallejo Customer Service Center concept. Under B&GF management the number of full time VTO staff would increase from approximately 2.5 to 3.5 and the number of active ticket service stations will increase from 2 to 3. In addition to ticket sales and customer service at the VTO, staff will receive and respond to SFBF system wide customer questions submitted via email, phone, or internet. Staff will work to implement this change beginning July 1, 2015.

Fiscal Impact

The estimated cost of B&GF management of the VTO and the added customer service functionality is approximately \$400,000 annually. Sufficient funds have been included in the FY 2015/16 Operating Budget to cover the cost of this contract amendment and related services.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-16

APPROVE AMENDMENT NO. 4 TO AGREEMENT #11-011 WITH BLUE AND GOLD FLEET, L.P. TO INCLUDE SERVICES FOR THE MANAGEMENT AND OPERATION OF THE VALLEJO FERRY TERMINAL TICKET OFFICE AND AUTHORIZE THE EXECUTIVE DIRECTOR TO NEGOTIATE AND EXECUTE THE AMENDMENT

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (WETA) was established pursuant to California Senate Bill 976, as amended by Senate Bill 1093, codified as the San Francisco Bay Area Water Emergency Transportation Response and Disaster Recovery Act, California government Code Section 66540 *et. seq.* (as so amended, Act) which authorizes the consolidation of San Francisco Bay Area publicly operated regional ferry services; and

WHEREAS, on December 30, 2011, WETA executed Agreement No. 11-011 with Blue and Gold Fleet, L.P., for the provision of water transit services, and

WHEREAS, WETA authorized Amendment No. 1 on June 28, 2012, to amend Section 24.2 (b) (i) of the Agreement; and

WHEREAS, WETA authorized Amendment No. 2 on July 22, 2013, to amend Appendix E, Form of Agreement, Attachment H, List of WETA-Provided Ferry Terminals, Landing Rights, and WETA-Provided Facilities; and

WHEREAS, WETA authorized Amendment No. 3 on October 28, 2013, to amend Section 5.1 (a) "Fixed Fees", Section 5.1 (c) "Pass Through Costs", and Section 24.2 (d); and

WHEREAS, WETA staff has recommended amending Agreement No. 11-011 with Blue and Gold Fleet, L.P. to include services for the management and operation of the Vallejo Ferry Terminal Ticket Office; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 4 to Agreement No. 11-011 with Blue and Gold Fleet, L.P. to include services for the management and operation of the Vallejo Ferry Terminal Ticket Office; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the amendment and take any other such related actions necessary to support this change.

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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-16

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Approve Amendment to Agreement with Nossaman LLP for the Provision of Legal Services

Recommendation

Approve Amendment No. 19 to the agreement with Nossaman LLP in the amount of \$550,000 for the provision of legal services for FY 2015/16 and authorize the Executive Director to execute the amendment.

Background

WETA's enabling statute requires the employment of general counsel to manage its legal affairs. In August 2004, the San Francisco Bay Area Water Transit Authority authorized Nossaman LLP (Nossaman) to serve as its general counsel. In January 2008, this contract transferred to the San Francisco Bay Area Water Emergency Transportation Authority upon its creation and has been renewed annually since. Annual legal expenses have ranged from \$140,000 in FY 2004/05 to \$1,100,000 in FY 2010/11, based upon the volume and complexity of legal issues facing the agency. Nossaman has served the Authority's interests well in a wide variety of areas over the years and has developed a thorough understanding of the agency and our specific issues and needs. The Board of Directors authorized staff to negotiate renewal of this contract as a part of the FY 2015/16 Administrative Support Professional Services Contracts Plan approved on January 8, 2015.

Discussion

Staff has reviewed the FY 2015/16 work program and anticipates the need for legal support services related to general agency oversight and capital project implementation as follows:

General Oversight

This includes work in support of items such as general agency operation, governance issues, contracts, legislation, procurement, policy development, employment law, insurance requirements, lease and other property transactions and other subjects of interest or concern.

Capital Program Support

This work includes advice and oversight of legal issues related to capital projects included in the \$66.6 million FY 2015/16 capital budget. Such work includes review of project proposals for legal content, contract development and review of any protests or project issues as they arise during or after the procurement. Major projects in FY 2015/16 include work on the Authority's two maintenance and operations facility projects, San Francisco berthing expansion. Richmond ferry service projects, facility rehabilitation projects and the procurement of new vessels.

Staff estimates these services to cost up to \$550,000 in FY 2015/16, which is consistent with the legal services budget in FY 2014/15.

Fiscal Impact

Sufficient funds are included in the FY 2015/16 Operating and Capital Budgets to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-17

**APPROVE AMENDMENT TO THE AGREEMENT WITH NOSSAMAN LLP FOR THE
PROVISION OF LEGAL SERVICES**

WHEREAS, WETA's enabling statute requires the employment of general counsel to manage its legal affairs; and

WHEREAS, on August 26, 2004, the San Francisco Bay Area Water Transit Authority Board of Directors authorized the Chief Executive Officer to negotiate a contract with Nossaman, Guthner, Knox and Elliott, LLP (now Nossaman LLP) to provide legal counsel for the agency; and

WHEREAS, this agreement was transferred over to WETA upon its creation on January 1, 2008, and has been amended annually to provide funding to continue this ongoing work; and

WHEREAS, WETA's existing Agreement No. 04-204 with Nossaman LLP for legal services expires on June 30, 2015 and WETA seeks to renew the Agreement through June 30, 2016; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 19 to Agreement No. 04-204 with Nossaman LLP for legal services in an amount not to exceed \$550,000; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-17

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Amendment to Agreement with Fast Ferry Management, Inc. for the Provision of Marine Services

Recommendation

Approve Amendment No. 7 to the agreement with Fast Ferry Management, Inc. for the provision of marine services through June 30, 2016 for a not to exceed amount of \$286,500 and authorize the Executive Director to execute the amendment.

Background

Fast Ferry Management has provided oversight and management services for the Vallejo Ferry Service since 1994 including overall system management, monitoring and oversight of the Blue and Gold Fleet operating and maintenance contract, program planning and capital improvement project management. The current contract with Fast Ferry Management was approved by the City of Vallejo on March 26, 2007 and was assigned to WETA on July 1, 2012 as a part of the Vallejo ferry system transfer.

Over the years, Fast Ferry Management, Inc. has developed extensive knowledge of all aspects of the system operation and maintenance activities, system facilities and assets, service history, customers, and key staff at partner agencies such as the City of Vallejo, Lennar Mare Island, and SolTrans. The Board of Directors authorized staff to negotiate renewal of this contract as a part of the FY 2015/16 Administrative Support Professional Services Contracts Plan approved on January 8, 2015.

Discussion

During FY 2014/15, Marty Robbins of Fast Ferry Management served as the primary liaison with Blue & Gold Fleet for the management of Vallejo ferry services, assisted WETA with planning and implementation of aspects of the North Bay Operations and Maintenance facilities, provided administration and oversight of Vallejo vessel work, developed the Vallejo Maintenance Dredging project and provided support for several WETA system projects such as vessel replacements and the development of the Central Bay Operations and Maintenance facility project. These services were key to WETA's ability to move forward with several important capital projects this past year when WETA staff resources were limited.

Staff recommends approval of Amendment No. 7 to the agreement with Fast Ferry Management, Inc. to extend the agreement through June 30, 2016 for a not to exceed amount of \$286,500, which includes an additional \$6,500 for anticipated work through June 2015, and \$280,000 for the period between July 1, 2015 and June 30, 2016. The scope of work for this period would consist of general ferry service oversight, ferry operations contract monitoring, vessel and engine maintenance oversight, program planning and capital program and project development and support consistent with prior year work.

Fiscal Impact

Sufficient funds are included in the approved FY 2014/15 and FY 2015/16 Operating and Capital Budgets to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-18

APPROVE AMENDMENT TO AGREEMENT WITH FAST FERRY MANAGEMENT, INC

WHEREAS, the City of Vallejo entered into the Principal Agreement with Fast Ferry Management, Inc. on March 26, 2007 for oversight and management services for the Vallejo Ferry System, including operations contract monitoring, maintenance oversight, program planning and capital improvement project management ("Agreement"); and

WHEREAS, the City of Vallejo authorized Amendments No. 1 through No. 4, continuing this contract and services through March 23, 2013; and

WHEREAS, on July 1, 2012, the City of Vallejo assigned the Principal Agreement and all amendments to the San Francisco Bay Area Water Emergency Transportation Authority (WETA) in connection with the Ferry Service Operations Transfer Agreement by and between the City of Vallejo and WETA; and

WHEREAS, WETA authorized Amendment No. 5 in March 2013 approving compensation in a not to exceed amount of \$315,000 and extending the Agreement (now designated WETA Agreement No. 12-016) through June 30, 2014; and

WHEREAS, WETA authorized Amendment No. 6 in June 2014 approving compensation in an amount not to exceed \$260,000 for marine management services through June 30, 2015 and extending Agreement No. 12-016 through June 30, 2015; and

WHEREAS, WETA staff has recommended amending Agreement No. 12-016 with Fast Ferry Management, Inc. to approve compensation in an amount not to exceed \$286,500 for marine management services through June 30, 2016, as set forth in the Board report; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 7 to Agreement No. 12-016 with Fast Ferry Management, Inc. in an amount not to exceed \$286,500 and to extend the contract term through June 30, 2016; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the amendment 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 June 4, 2015.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary

2015-18

END

MEMORANDUM

TO: Board Members

**FROM: Nina Rannells, Executive Director
Ernest Sanchez, Manager, Public Information and Marketing**

SUBJECT: Approve Amendment to Agreement with Nematode Media, LLC (DBA Bay Crossings) for Advertising in *Bay Crossings* and Other Services

Recommendation

Approve Amendment No. 7 to the agreement with Nematode Media, LLC (DBA Bay Crossings) in the amount of \$48,000 for advertising in *Bay Crossings* and other public information/marketing services and authorize the Executive Director to execute the amendment.

Background

The Water Transit Authority (WTA) first entered into a formal agreement with Bay Crossings (aka Nematode Media, LLC) in September, 2004. This agreement was renewed in July 2005 for a one year term, in June 2006 and 2009 (under WETA) for three year terms and in June 2013 and 2014 for one-year terms.

The Board of Directors authorized staff to negotiate renewal of this contract as a part of the FY 2015/16 Administrative Support Professional Services Contracts Plan approved on January 8, 2015.

Discussion

WETA has utilized the *Bay Crossings* newspaper as a means of communicating with ferry riders, businesses and residents of the Bay's shoreline communities regarding its plans, environmental review process and services since 2001. WETA has also provided a subsidy to support the Bay Crossings store in the San Francisco Ferry Building which provides ferry passengers access to ferry schedules, information, tickets and Clipper cards.

Staff recommends continuing its contract with Bay Crossings in FY 2015/16 with the following work scope:

1. Bay Crossings newspaper- \$36,000/year
This supports placement of San Francisco Bay Ferry ads and ferry schedules in *Bay Crossings* as well as informational articles promoting WETA's activities.
2. Bay Crossings store – Extended Store Hours - \$12,000/year
The Bay Crossings store is a venue for distributing information and is a resource for daily ferry commuters. WETA's compensation helps to defray the costs of staffing the store for four extra hours daily during the work week.

Fiscal Impact

Sufficient funds are included in the FY 2015/16 Marketing Budget to support this amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-19

APPROVE AMENDMENT TO AGREEMENT WITH NEMATODE MEDIA, LLC (DBA BAY CROSSINGS) FOR PUBLIC INFORMATION AND MARKETING SERVICES

WHEREAS, in September 2004, the Water Transit Authority entered into an agreement with Nematode Media, LLC (dba Bay Crossings) for public information and marketing services; and

WHEREAS, this agreement was renewed in July 2005 for a one year term, in June 2006 and 2009 (under WETA) for three year terms and in June 2013 and 2014 for one year terms; and

WHEREAS, WETA's existing Agreement No. 04-205 with Nematode Media, LLC for public information and marketing services to support and promote ridership on existing and new services expires on June 30, 2015 and WETA seeks to renew the Agreement through June 30, 2016; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 7 to Agreement No. 04-205 with Nematode Media, LLC for public information and marketing services in the amount of \$48,000 for FY 2015/16; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to execute the amendment.

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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-19

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Filing Applications with the Metropolitan Transportation Commission for FY 2015/16 Regional Measure 1 Capital Funds

Recommendation

Authorize the Executive Director to file an application with the Metropolitan Transportation Commission (MTC) for a total of \$693,000 FY 2015/16 Regional Measure 1 (RM1) capital funds and to take any other related actions as may be required to secure these funds.

Background/Discussion

In November 1989, voters approved Regional Measure 1 (RM1), authorizing a toll increase on all state owned bridges in the Bay Area. Five percent of the revenue derived from this toll increase (RM1-5%) is made available for allocation by MTC for ferry transit operations and bicycle related planning and two percent of the revenue from the toll increase (RM1-2%) is to be programmed and allocated solely for the capital costs associated with the design, construction, and acquisition of rapid water transit systems.

WETA is eligible to receive allocations for its ferry projects from both RM1-2% and RM1-5% funds dedicated to ferry capital projects. As identified in the approved FY 2015/16 Capital Budget, RM1 funds will be required for the following projects:

- Purchase Utility Vehicles	\$ 35,000
- Major Component Rehabilitation - Solano	\$ 86,000
- Major Component & Waterjet Rehabilitation - Intintoli	<u>\$572,000</u>
Total	\$693,000

Fiscal Impact

This item authorizes actions to secure Regional Measure 1 capital funds to support WETA's FY 2015/16 Capital Budget.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-20

AUTHORIZE FILING AN APPLICATION WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR FY 2015/16 REGIONAL MEASURE 1 2% BRIDGE TOLL RESERVE CAPITAL FUNDS

WHEREAS, Bay Area voters approved Regional Measure 1 (RM1) in November 1988, which authorized a standard auto toll of \$1.00 for all seven State-owned Bay Area toll bridges; and

WHEREAS, up to three-percent (3%) of the revenue derived from the toll increase was made available for allocation by Metropolitan Transportation Commission (MTC) to transportation projects that reduce congestion in the bridge corridors; and

WHEREAS, the law was amended in 1997 to direct MTC to allocate an additional 2% of the RM1 toll increase solely for planning, construction, operation, and acquisition of rapid water transit system; and

WHEREAS, the law was further amended in 2007 to name the San Francisco Bay Area Water Emergency Transportation Authority (WETA) as the eligible recipient of these funds; and

WHEREAS, as operator of the Alameda/Oakland (AOFS), Alameda Harbor Bay (AHBF) and Vallejo ferry services, WETA is eligible to receive annual allocation of RM1 Bridge Toll Revenue funds; and

WHEREAS, staff has identified the need for capital assistance for projects necessary for the efficient operation of these ferry services; now, therefore, be it

RESOLVED, that there is no pending or threatened litigation which might in any way adversely affect the proposed project, or the ability of WETA to deliver such project; and be it further

RESOLVED, that WETA agrees to comply with the requirements of MTC's Transit Coordination Implementation Plan as set forth in MTC Resolution 3866; and be it further

RESOLVED, that WETA shall, if any revenues or profits from any non-governmental use of property (or project) that those revenues or profits shall be used exclusively for the public transportation services for which the project was initially approved, either for capital improvements or maintenance and operational costs, otherwise MTC is entitled to a proportionate share equal to MTC's percentage participation in the projects(s); and be it further

RESOLVED, that WETA's Board of Directors hereby approve the applications for capital assistance authorizes its Executive Director, or her designee, to execute and submit allocation requests with MTC for FY 2015/16 Regional Measure 1 2% Bridge Toll Revenue Funds and to enter into all agreements necessary to secure these funds; and be it further

RESOLVED, that a copy of this resolution shall be transmitted to MTC in conjunction with the filing of the WETA's applications referenced herein.

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 June 4, 2015.

AYE:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-20

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Keith Stahnke, Manager, Operations
Melanie Jann, Manager, Administration & Business Services

SUBJECT: Approve Purchase of Commercial Insurance Policies

Recommendation

Approve the purchase of the following commercial insurance policies for FY 2015/16 for a total cost not to exceed \$183,000:

- 1) Marine Commercial Liability including Terminal Operators and Automobile Liability
- 2) Excess Marine Liabilities
- 3) Property Insurance
- 4) Docks, Pilings & Ramps
- 5) Public Officials Management & Employment Practices Liability

Background

WETA carries a variety of different insurance policies annually to protect the agency and its operation from third party claims and loss of property. Each type of insurance is described in detail below:

Marine Commercial Liability and Excess Marine Liabilities

These coverages protect against third party claims for bodily injury and property damage at scheduled locations.

Property Insurance

This coverage provides protection against losses due to damage to property from fires, vandalism, accidents, etc. including both personal belongings and business inventory.

Docks, Pilings and Ramps

This marine property insurance covers waterside assets including docks, floats, gangways, piers, pilings, and ramps. These are insured for actual values.

Public Officials Management & Employment Practices Liability

This coverage is designed to address the significant exposures faced by public entities and responds to claims brought against an insured public entity, its employees and volunteers for any alleged or actual breach of duty, neglect, error, misstatement or omission in the course of public duties.

Additionally, it is important to note that there is overlap between WETA's coverage and the contracted operator's coverage for incidents that occur while passengers embark and disembark from the vessels. The contracted operator's bumbershoot insurance provides an additional \$49,000,000 of coverage while passengers embark and disembark from the vessels, making the total liability limit between WETA's Marine Commercial Liability (\$10,000,000) and the contracted operator's (\$49,000,000) limit a total of \$59,000,000.

Discussion

This item authorizes the purchase of the following commercial insurance policies in FY 2015/16:

- 1) Marine Commercial Liability.
- 2) Excess Marine Liabilities.
- 3) Property Insurance.
- 4) Docks, Pilings & Ramps.
- 5) Public Officials Management & Employment Practices Liability

Proposed policies will be purchased through both Wells Fargo Insurance Services and Alliant Insurance Services as noted in the insurance policy schedule provided as **Attachment A**.

Wells Fargo Insurance Services provides insurance to other public ferry operators such as Golden Gate Ferries and Washington State Ferries and will procure the Marine Commercial Liability and Property insurance for Marine Facilities. Alliant Insurance Services has access to a Special Property Insurance Program (SPIP) with competitive pricing and will procure Property insurance for Marine Facilities and the administrative offices and Public Officials Management & Employment Practices Liability.

Actual annual premiums for all policies for FY 2014/2015 were \$154,417. The estimated annual premium for all FY 2015/16 policies is expected to be no more than \$183,000, which includes policies required for the newly built North Bay Operations and Maintenance Facility.

Fiscal Impact

Sufficient funds are included in the FY 2015/16 Operating Budget to support the purchase of commercial insurance.

END

San Francisco Bay Area Water Transportation Authority (WETA)
2015 - 2016 Insurance Policy Schedule

Attachment A

	Coverage	Locations	Limit	Deductible/Retention	Policy Period	Carrier	Estimated 2015- 16 Annual Premium
Wells Fargo Insurance Services	Marine Commercial Liability Terminal Operators Liability Auto Liability	Pier 9 Offices Pier 9 Harbor Bay Main Street Clay Street South San Francisco Vallejo Mare Island North Bay OMF	\$1,000,000 Each Occurrence \$2,000,000 Aggregate	\$2,500 each occurrence	7/1/2015 - 7/1/2016	The Great American Insurance Company of New York	\$ 19,000
	Excess Marine Liabilities	Pier 9 Offices Pier 9 Harbor Bay Main Street Clay Street South San Francisco Vallejo Mare Island North Bay OMF	\$9,000,000 Excess \$1,000,000	N/A	7/1/2015 - 7/1/2016	50% The Great American Insurance Company of New York 25% United States Fire Insurance Company 25% Travlrs Property & Causality Insurance Company	\$ 12,000
	Docks, Pilings & Ramps	Pier 9 Clay Street Harbor Bay Main Street Vallejo Mare Island	Total Insured Value: \$19,430,200	\$10,000 each occurrence \$20,000 wind, wind driven water and flood	7/1/2015 - 7/1/2016	The Great American Insurance Company of New York	\$ 80,000
Alliant Insurance Services	Docks, Pilings & Ramps	South San Francisco Ferry Terminal	Total Insured Value: \$20,680,853	\$1,000 each occurrence	7/1/2015 - 7/1/2016	Lexington Insurance Company	\$ 32,000
	Property	Pier 9 Offices North Bay OMF	Total Insured Value: \$12,320,000	\$1,000 each occurrence	7/1/2015 - 7/1/2016	Lexington Insurance Company	\$ 19,000
	Public Officials Management & Employment Practices Liability	N/A	\$3,000,000 Aggregate	\$15,000 each public officials managment \$20,000 each employment practices violation	7/1/2015 - 7/1/2016	Darwin Select Insurance Company	\$ 21,000
							\$ 183,000

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-21

APPROVE PURCHASE OF COMMERCIAL INSURANCE POLICIES

WHEREAS, WETA's existing Commercial Insurance Policies expire on July 1, 2015 and WETA seeks to renew the policies through June 30, 2016; and

WHEREAS, these policies have been provided through Wells Fargo Insurance Services and Alliant Insurance Services and WETA wishes to continue this arrangement for FY 2015/16; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves and authorizes the Executive Director to purchase Commercial Insurance in an amount not to exceed \$181,000 for FY 2015/16.

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 June 4, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2015-21

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Release of a Request for Proposals for Phase Two Mid-Life Refurbishment of the Peralta Vessel

Recommendation

Authorize the release of Request for Proposals (RFP) for Phase Two Mid-Life Refurbishment of the *Peralta* Vessel.

Background

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. In order to provide for continued safe and reliable operation, the vessel needs major refurbishment. A vessel mid-life repower/refurbishment project generally 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. The *Peralta* refurbishment project will extend the useful life of the vessel to the expected full 25 years.

This project was divided into two phases to allow for work to be done during the winter months so that the vessel will be available for service in the busy summer season. Phase One of this work was awarded to Bay Ship & Yacht in February and included:

- Renovation of the passenger cabin
- Sandblasting of the decks and stairways and application of new nonskid surfaces and paint
- Overhaul of the main engine, marine transmission and generator
- Replacement of major components, shafts, propeller, rudder and bearings, and
- Sandblasting of the hull, topside and bottom painting

This work is near completion and the vessel should be ready to return for service in early June.

Discussion

This RFP will solicit qualified firms to provide Shipyard Services for Phase Two Mid-Life Refurbishment of the *Peralta* Vessel project. The procurement process will follow WETA administrative and Federal Transit Administration (FTA) requirements.

The proposed scope of work for Phase Two of the *Peralta* Mid-Life Refurbishment includes:

- Renovation of the Galley
- Application of exterior paint, and
- Replacement of navigation electronics and control systems

Once authorized, staff will release the RFP to select a contractor for Phase Two of the Peralta mid-life refurbishment project. Staff anticipates being in a position to return to the Board with a recommendation for contract award for this work in late Summer 2015 so that work can proceed on schedule during the Fall/Winter of 2015/16.

Fiscal Impact

There is no fiscal impact associated with the release of this RFP.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Release of a Invitation for Bids for Harbor Bay Ferry Terminal Piling Replacement Project

Recommendation

Authorize the release of Invitation for Bids (IFB) for the Harbor Bay Ferry Terminal Piling Replacement project.

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 Alameda ferry services transition agreement. Since construction, the pilings that moor the Harbor Bay float have failed on two occasions, with the last occurring in 2011.

Discussion

Staff recently engaged the services COWI Marine North America, formerly Ben C. Gerwick, Inc., to conduct a load analysis of the Harbor Bay Ferry Terminal pilings in order to assess the ability to land WETA's larger vessels at this terminal facility. This analysis resulted in a recommendation to increase the length and diameter of the mooring pilings for the float. This project will replace the pilings used for mooring the Harbor Bay Ferry Terminal float in order to improve the overall resiliency of the facility and maximize system flexibility and efficiency by providing the ability for larger vessels to reliably operate in the Harbor Bay to San Francisco route.

This IFB will solicit qualified firms to provide Pile Driving Services for the replacement of up to five pilings used for mooring the Harbor Bay Ferry Terminal passenger float. The procurement process will follow WETA administrative and Federal Transit Administration (FTA) procedure requirements.

Once authorized, staff will release the IFB to select a contractor for piling replacement. Staff anticipates being in a position to return to the Board with a recommendation for contract award for this work in late Summer 2015, so that work can proceed during the allowable work window in Fall 2015.

Fiscal Impact

There is no fiscal impact associated with the release of this IFB. This project is included in the FY 2015/16 Capital Budget with a total budget of \$450,000, funded with Federal Transit Administration and local Alameda Measure B funds.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Status Report on Alameda Access Plan Activities

Recommendation

There is no recommendation associated with this informational item.

Background

In spring 2014, WETA staff initiated a planning effort intended to identify and develop strategies for improving pedestrian, bicycle, transit and vehicle access to both the Main Street and Harbor Bay ferry terminals in Alameda. The effort kicked off with a series of public workshops open to ferry riders and community members alike to identify challenges and potential solutions. The context of the plan is the capacity limits on the ferry terminal parking lots and the increase in overflow parking on surrounding streets and residential neighborhoods.

Discussion

In response to WETA staff activity, the City of Alameda Transportation Commission (Commission) formed an Ad Hoc Subcommittee (Subcommittee) to investigate improvements for ferry terminal access that are under City control. In addition to Commission members and staff from the City of Alameda, the Subcommittee includes WETA staff and representatives from AC Transit and local community organizations. The Subcommittee has met three times and proposed a solution to the Committee for overflow parking at the Harbor Bay terminal. The Subcommittee will next consider near term solutions for parking at the Main Street terminal.

One of the original intents of the WETA Access Plan was to engage agency partners in identifying, evaluating and working together toward implementing a program of multi-modal access solutions. The formation of the 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. Throughout the plan development, WETA staff has worked collaboratively with the City and other partners to focus on parking strategies and to explore alternative access modes such as buses, shuttles, bicycles and pedestrian improvements.

The Commission has adopted a near term strategy at the Harbor Bay Ferry terminal of allowing 46 on-street parking on Harbor Bay Parkway while halting the current practice of non-enforcement for 19 restricted spaces along Adelphian Way. This solution would require an amendment to a Bay Conservation and Development Commission permit. At Main Street, the Commission and the Alameda City Council will soon consider a lease agreement with WETA to convert a City-owned parking lot across the street from the terminal currently used for park equipment storage to daily parking for up to 130 vehicles.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Executive Director to Negotiate and Execute Lease Agreement with the City of Alameda for the Alameda Main Street Ferry Terminal Overflow Parking Lot

Recommendation

Authorize the Executive Director to negotiate and execute a Lease Agreement with the City of Alameda and take any other such related actions to provide for the Alameda Main Street ferry terminal overflow parking lot.

Background

Since 2013, passenger boardings have increased by over 50% at the Main Street ferry terminal, which supports WETA ferry services to San Francisco and South San Francisco. In order to ensure that adequate facilities are provided to meet current and future ridership demand, staff initiated an Alameda Ferry Terminal Access Improvement Study in 2014 to recommend improvements for pedestrian, bicycle, transit, and vehicular access at the Main Street and Harbor Bay ferry terminals. In support of the Study, staff has hosted and participated in public workshops and served on an Ad Hoc Subcommittee of the City of Alameda Transportation Commission to scope, evaluate, and ultimately recommend various improvement options.

While a complete program of access improvements will not be identified until the Study is completed later this year, there are certain individual improvements that can be undertaken at the present time. One such improvement is to provide an overflow parking lot at the Main Street ferry terminal. Presently, there are a total 326 spaces available for ferry riders at the Main Street terminal. This lot typically fills up before the end of the morning commute period, resulting in vehicles parking in adjacent areas that are not officially designation for ferry passenger parking. Providing a formal area where additional parking spaces can be provided is a key factor to ensuring that future ridership demand is met, and is an improvement that has consistently received strong support from the public and Ad Hoc Subcommittee to date.

Discussion

In April of this year, the City of Alameda offered to lease the nearby Officer's Club parking lot to WETA for use as overflow parking at the Main Street ferry terminal. The terms of the lease would require that WETA undertake relatively minor improvements required to allow for public use of the current lot, such as pavement improvements, striping, and ADA-compliant walkways. WETA would be responsible for the cost of these improvements and has initiated work with a traffic engineering consultant to develop a construction cost estimate. In exchange, the City would grant WETA a five-year lease term to utilize the lot free of charge.

After five years, WETA would have the option to renew the lease for another five years, on the condition that the City would reserve the right to charge for parking during that term.

The approval of a lease agreement with the City of Alameda for an overflow parking lot would serve as a cost-effective solution for significantly expanding parking capacity at the Main Street ferry terminal. The implementation of an overflow parking lot, in addition to future improvements for pedestrian, bicycle, and transit access, are vitally important in terms of WETA's ability to continue accommodating future ridership demand at the Main Street ferry terminal.

Staff recommends that the Board authorize the Executive Director to negotiate and execute the Lease Agreement with the City of Alameda for the Main Street overflow parking lot, a draft of which is provided as **Attachment A**. Pending Board approval of the lease, the Alameda City Council would likely consider approval of the lease in late-June 2015. Should the lease be approved and executed by both parties, staff anticipates that improvement work required for public use of the lot could be undertaken as early as September 2015, with the lot made available for ferry rider use upon the completion of those improvements.

Fiscal Impact

The lease agreement between the City of Alameda and WETA for the Officer's Club parking lot will have no direct financial impact on the Operating Budget. This project would be funded as a part of the Terminal Access Improvements project included in the FY 2015/16 Capital Budget at a total project cost of \$250,000, and funded with Alameda Measure B Sales Tax revenues.

Attachments:

- 1) Lease Agreement for Main Street Overflow Parking Facility

END

LEASE AGREEMENT

BY AND BETWEEN

CITY OF ALAMEDA,

a charter city and municipal corporation
AS LANDLORD

and

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

a California public entity created pursuant to Government Code
Section 66540 *et seq.*
AS TENANT

TABLE OF CONTENTS

	<u>PAGE</u>
1. DEMISE	1
2. PREMISES	1
2.1 <u>Premises</u>	1
2.2 <u>Parking</u>	1
2.3 <u>[Intentionally deleted]</u>	2
2.4 <u>Possession</u>	2
2.5 <u>[Intentionally deleted]</u>	2
3. TERM	2
3.1 <u>Term</u>	2
3.2 <u>[Intentionally deleted]</u>	2
3.3 <u>Option to Renew</u>	2
4. RENT	3
4.1 <u>Base Rent</u>	3
4.2 <u>Additional Rent</u>	3
4.3 <u>Late Charge</u>	3
4.4 <u>Interest</u>	3
5. INTENTIONALLY DELETED	3
6. INTENTIONALLY DELETED	4
7. USE; COMPLIANCE WITH LAWS	4
7.1 <u>Use</u>	4
7.2 <u>Compliance with Laws</u>	4
7.3 <u>Compliance with Restrictions</u>	4
8. INTENTIONALLY DELETED	5
9. INTENTIONALLY DELETED	5
10. INTENTIONALLY DELETED	5
11. ALTERATIONS	5
11.1 <u>Landlord Consent Required</u>	5
11.2 <u>Alterations</u>	5
11.3 <u>Excavations</u>	5
11.4 <u>Liens</u>	6

TABLE OF CONTENTS
(CONTINUED)

	<u>PAGE</u>
12. MAINTENANCE AND REPAIR OF PREMISES.....	6
12.1 <u>Maintenance and Repair by Tenant</u>	6
12.2 <u>Maintenance and Repair by Landlord</u>	7
13. ENVIRONMENTAL PROTECTION PROVISIONS.....	7
13.1 <u>Hazardous Materials</u>	7
13.2 <u>Reportable Uses Required Consent</u>	8
13.3 <u>Remediation Obligations</u>	8
13.4 <u>Environmental Permits</u>	9
13.5 <u>Landlord’s Inspection Right</u>	9
13.6 <u>Hazardous Materials Handling Plan</u>	9
13.7 <u>Hazardous Materials Indemnity</u>	10
13.8 <u>Preexisting Contamination</u>	10
14. ASSIGNMENT AND SUBLETTING.	11
14.1 <u>Landlord Consent Required</u>	11
14.2 <u>Intentionally deleted</u>	11
14.3 <u>Reasonable Consent</u>	11
14.4 <u>Transfer Premium</u>	12
14.5 <u>Tenant Affiliates</u>	12
14.6 <u>No Release</u>	13
14.7 <u>Expenses and Attorneys’ Fees</u>	13
14.8 <u>Limitations on Transfer Reasonable</u>	13
15. INDEMNITY AND WAIVER OF CLAIMS.	13
15.1 <u>Indemnification by Tenant of Landlord</u>	13
15.2 <u>Waiver of Claims</u>	14
15.3 <u>Survival/No Impairment</u>	14
16. INSURANCE.	14
16.1 <u>Tenant’s Insurance</u>	14
16.2 <u>Requirements For All Policies</u>	15
16.3 <u>Certificates of Insurance</u>	16
17. DAMAGE OR DESTRUCTION.	16

TABLE OF CONTENTS
(CONTINUED)

	<u>PAGE</u>
17.1 <u>Definitions</u>	16
17.2 <u>Partial Damage - Insured Loss</u>	16
17.3 <u>Partial Damage - Uninsured Loss</u>	16
17.4 <u>Total Destruction</u>	16
18. INTENTIONALLY DELETED.....	17
19. DEFAULT.....	17
19.1 <u>Events of Default</u>	17
19.2 <u>Remedies</u>	17
19.3 <u>No Waiver</u>	18
19.4 <u>Waiver of Redemption, Reinstatement, or Restoration</u>	19
19.5 <u>Remedies Cumulative</u>	19
19.6 <u>Landlord’s Right to Perform Tenant’s Obligations</u>	19
19.7 <u>Severability</u>	19
20. LIMITATION OF LIABILITY.....	19
21. SURRENDER OF PREMISES.....	20
22. HOLDING OVER.....	20
23. MORTGAGES; ESTOPPEL CERTIFICATE.....	20
23.1 <u>Subordination to Mortgages</u>	20
23.2 <u>Mortgage Protection</u>	21
24. TENANT’S ESTOPPEL CERTIFICATE.....	21
25. [INTENTIONALLY OMITTED].....	21
26. NOTICE.....	21
27. LABOR PROVISIONS.....	22
27.1 <u>Equal Opportunity</u>	22
27.2 <u>Convict Labor</u>	22
28. MISCELLANEOUS.....	22
28.1 <u>Governing Law</u>	22
28.2 <u>Severability</u>	22
28.3 <u>Attorneys’ Fees</u>	22
28.4 <u>Force Majeure</u>	23

TABLE OF CONTENTS
(CONTINUED)

	<u>PAGE</u>
28.5 <u>Sale</u>	23
28.6 <u>Signs</u>	23
28.7 <u>Brokers</u>	23
28.8 <u>Access by Landlord</u>	23
28.9 <u>Waiver of Right to Jury Trial</u>	24
28.10 <u>Recordation</u>	24
28.11 <u>Paragraph Titles</u>	24
28.12 <u>Authority</u>	24
28.13 <u>Quiet Possession</u>	25
28.14 <u>Asbestos Notification for Commercial Property Constructed Before 1979</u>	25
28.15 <u>Lead Warning Statement</u>	25
28.16 <u>OFAC Certification</u>	25
28.17 <u>Certified Access Specialist Disclosure</u>	25
28.18 <u>Time of the Essence</u>	25
28.19 <u>Entire Agreement</u>	25
28.20 <u>Rules and Regulations</u>	26
28.21 <u>Intentionally deleted</u>	26
28.22 <u>Relocation Benefits</u>	26
28.23 <u>Prevailing Wages</u>	26
28.24 <u>Counterparts</u>	26
29. RIGHT OF FIRST NEGOTIATION	27

INDEX OF EXHIBITS

Exhibit

- A PREMISES
- A-1 [INTENTIONALLY DELETED]
- A-2 [INTENTIONALLY DELETED]
- A-3 [INTENTIONALLY DELETED]
- B COMMENCEMENT LETTER
- C RENEWAL NOTICE
- D ACKNOWLEDGMENT OF RECEIPT
- E ENVIRONMENTAL QUESTIONNAIRE
- F RULES AND REGULATIONS
- G SCHEDULE OF PERFORMANCE

LEASE AGREEMENT

BASIC LEASE INFORMATION

<i>Lease Date:</i>	_____, 2015
<i>Landlord:</i>	City of Alameda, a charter city and municipal corporation
<i>Landlord's Address:</i>	City of Alameda City Hall 2263 Santa Clara Ave Alameda, CA 94501 Tel: (510) 748-4509 Attn: City Manager Notice Copy to: PM Realty Group, L.P., as Agent for City of Alameda 101 W. Atlantic Avenue Alameda, CA 94501 Tel: (510) 749-0304
<i>Tenant:</i>	San Francisco Bay Area Water Emergency Transportation Authority, a California public entity created pursuant to Government Code Section 66540 <i>et seq.</i>
<i>Tenant's Address:</i>	San Francisco Bay Area Water Emergency Transportation Authority Pier 9 Suite 111, The Embarcadero San Francisco, CA 94111 Attn: Executive Director Tel: (415) 364-3192
<i>Premises:</i>	The parking lot located at 641 W. Redline Avenue, Building #60, Alameda comprised of approximately 54,327 square feet of paved yard, striped for parking as depicted on Exhibit A .
<i>Building:</i>	N/A
<i>Length of Term:</i>	Five (5) years

<i>Estimated Commencement Date:</i>	_____, 20__
<i>Estimated Expiration Date:</i>	_____, 20__
<i>Extension Option:</i>	Two (2) options to extend the Term for periods of five (5) years each
<i>Taxes and Utilities:</i>	N/A.
<i>Security Deposit:</i>	None
<i>Permitted Use:</i>	Overflow parking for the Alameda Main Street Ferry Terminal.

LEASE AGREEMENT

THIS LEASE AGREEMENT is made and entered into by and between CITY OF ALAMEDA, a charter city and municipal corporation (“**Landlord**”) and SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY, a California public entity created pursuant to Government Code Section 66540 *et seq.* (“**Tenant**”). The Basic Lease Information, the Exhibits and this Lease Agreement are and shall be construed as a single instrument and are referred to herein as the “**Lease**”.

1. DEMISE.

In consideration for the rents and all other charges and payments payable by Tenant, and for the agreements, terms and conditions to be performed by Tenant in this Lease, Landlord does hereby lease to Tenant and Tenant does hereby hire and take from Landlord, the Premises described below, upon the agreements, terms and conditions of this Lease for the Term hereinafter stated.

2. PREMISES.

2.1 Premises. The Premises demised by this Lease are as specified in the Basic Lease Information. The Premises are located on property commonly referred to as the former Naval Air Station (“**Property**”). The Premises has the address and includes the area depicted in the Basic Lease Information and **Exhibit A** attached hereto; provided, however, that any statement of square footage set forth in this Lease is an approximation which Landlord and Tenant agree is reasonable and no economic terms based thereon shall be subject to revision whether or not the actual square footage is more or less.

2.2 Parking.

(a) Tenant and its employees, agents, suppliers, and invitees shall have the exclusive right to use the Premises for purposes of overflow parking for the Alameda Main Street Ferry Terminal. Under no circumstances may the Premises be utilized for the long-term storage, or repair or maintenance of any vehicles. Should Tenant or its agents, employees or invitees use the Premises or any portion thereof, in violation of this Section 2.2, Landlord shall have the right, upon reasonable prior notice to Tenant, in addition to such other rights and remedies that it may have, to tow away any vehicle involved and charge the cost of towing and storage to the owner of such vehicle.

(b) Except in the case of Landlord’s or Landlord Related Parties’ (as defined in Section 14.1 below) negligence or willful misconduct, in no event shall Landlord or any Landlord Related Parties be liable for (i) loss or damage to any vehicle or other personal property parked or located upon or within the Premises, whether pursuant to this license or otherwise and whether caused by fire, theft, explosions, strikes, riots or other cause whatsoever or (ii) injury to or death of any person in, about or around any parking spaces or any portion of the Premises or any vehicle parked thereon whether caused by fire, theft, assault, explosion, riot or any other cause whatsoever and Tenant hereby waives any claims for, or in respect to, the above.

(c) Except in conjunction with a Transfer (as defined in Section 13.5 below) of all of Tenant's rights and obligations under this Lease, Tenant shall not assign any of its rights under this Section 2.2.

2.3 [Intentionally deleted].

2.4 Possession. Tenant accepts the Premises in "AS IS" "WITH ALL FAULTS" condition and configuration without any representations or warranties by Landlord, and with no obligation of Landlord to make alterations or improvements to the Premises. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the suitability of the Premises for the conduct of Tenant's business. Landlord shall not be liable for any latent or patent defects in the Premises.

2.5 [Intentionally deleted].

3. TERM.

3.1 Term. The term of this Lease ("**Term**") shall be for the period specified in the Basic Lease Information, commencing one (1) day after this Lease has been approved by the City Council, the date of which approval shall be deemed to be the effective date of an ordinance approving this Lease as required by the City Charter ("**Commencement Date**"). This Lease shall terminate at midnight on the last day of the fifth (5th) year following the Commencement Date ("**Expiration Date**"), unless sooner terminated or extended as hereinafter provided. Promptly following the Commencement Date, Landlord and Tenant shall enter into a letter agreement substantially in the form attached hereto as **Exhibit B**, specifying and confirming the Commencement Date and the Expiration Date; if Tenant fails to execute and deliver such letter agreement to Landlord within ten (10) business days after Landlord's delivery of the same to Tenant, such letter agreement will be deemed final and binding upon Tenant.

3.2 [Intentionally deleted].

3.3 Option to Renew.

(a) Renewal Options. Tenant shall have two (2) options to extend the Term (each a "**Renewal Option**") for a period of five (5) years each (each a "**Renewal Term**"). The Renewal Option may be exercised only by the entity identified as the Tenant in the Basic Lease Information or an assignee that is a Tenant Affiliate and may not be exercised by any other sublessee or assignee or by any other successor or assign. The Renewal Options shall be effective only if Tenant is not in Default under this Lease, either at the time of exercise of the Renewal Option or the time of commencement of the Renewal Term. Tenant shall exercise each Renewal Option, if at all, by written notice ("**Election Notice**") from Tenant to Landlord, in a form substantially the same as **Exhibit C** attached hereto, given not more than twelve (12) months nor less than six (6) months prior to expiration of the initial Term with respect to the first Renewal Option and not more than twelve (12) months nor less than six (6) months prior to the expiration of the first Renewal Term with respect to the second Renewal Option. Any such notice given by Tenant to Landlord shall be irrevocable. If Tenant fails to exercise a Renewal Option in a timely manner as provided for above such Renewal Option shall be void.

(b) Terms and Conditions.

(i) If Tenant exercises a Renewal Option, the Term shall be extended for an additional period of five (5) years upon the same terms and conditions as the initial Term (or the then-current Renewal Term) except that there shall be one fewer Renewal Option available to Tenant at the expiration of the first Renewal Term. If Tenant exercises the second Renewal Option, Landlord and Tenant may each terminate this Lease upon six (6) months written notice to the other. In addition, if Tenant exercises the second Renewal Option, Landlord reserves the right to charge for parking during such Renewal Term.

(ii) Tenant shall be responsible for all brokerage costs and/or finder's fees associated with Tenant's exercise of the Renewal Option made by parties claiming through Tenant. Landlord shall be responsible for all brokerage costs and/or finder fees associated with Tenant's exercise of the Renewal Options made by parties claiming through Landlord.

(c) [Intentionally deleted]

(d) [Intentionally deleted]

4. RENT.

4.1 Base Rent. The base rent ("**Base Rent**") shall be as specified in the Basic Lease Information.

4.2 Additional Rent. As used in this Lease, the term "**Additional Rent**" shall mean all sums of money, other than Base Rent, that are due and payable by Tenant under the terms of this Lease including, but not limited to, payments in accordance with Article 11 of this Lease. The term "**Rent,**" as used herein, shall mean all Base Rent, Additional Rent and all other amounts payable hereunder from Tenant to Landlord. Unless otherwise specified herein, all items of Rent other than Base Rent shall be due and payable by Tenant on or before the date that is thirty (30) days after billing by Landlord.

4.3 Late Charge. Other remedies for non-payment of Rent notwithstanding, if any Additional Rent is not received by Landlord on or before the fifth (5th) day following the due date, or any payment due Landlord by Tenant which does not have a scheduled date is not received by Landlord on or before the thirtieth (30th) day following the date Tenant was invoiced for such charge, a late charge of five percent (5%) of such past due amount shall be immediately due and payable as Additional Rent.

4.4 Interest. Any installment of Rent and any other sum due from Tenant under this Lease which is not received by Landlord within five (5) days from when the same is due shall bear interest from the date such payment was originally due under this Lease until paid at the lesser of: (a) an annual rate equal to the maximum rate of interest permitted by law, or (b) ten percent (10%) per annum. Payment of such interest shall not excuse or cure any Default by Tenant.

5. INTENTIONALLY DELETED.

6. INTENTIONALLY DELETED.

7. USE; COMPLIANCE WITH LAWS.

7.1 Use. The Premises shall be used for the Permitted Use specified in the Basic Lease Information and for no other use whatsoever. Tenant acknowledges that neither Landlord nor any agent of Landlord has made any representation or warranty with respect to the Premises or with respect to the suitability or fitness of either for the conduct of Tenant's business or for any other purpose.

7.2 Compliance with Laws. Tenant shall comply with all laws, ordinances, rules, regulations and codes, of all municipal, county, state and federal authorities, including the Americans With Disabilities Act, as amended, (42 U.S.C. Section 1201 et seq. (the "**ADA**")) (collectively, "**Laws**") pertaining to Tenant's use and occupancy of the Premises and the conduct of its business. Tenant shall be responsible for making all improvements necessary to comply with applicable ADA requirements and to ensure that the Premises remain in compliance throughout the Term of this Lease. Tenant shall not commit, or suffer to be committed, any waste upon the Premises or any public or private nuisance. Tenant shall not permit any objectionable odor to escape or be emitted from the Premises and shall ensure that the Premises remain free from infestation from rodents or insects. Tenant shall not do or permit anything to be done on or about the Premises or bring or keep anything into the Premises which will in any way invalidate or prevent the procuring of any insurance or against liability for damage to property or injury to persons in or about the Premises.

7.3 Compliance with Restrictions. The Premises are is located on property known as the former Naval Air Station Alameda, which was conveyed to the City by the United States of America, acting by and through the Department of the Navy by a quitclaim deed dated June 4, 2013, recorded June 6, 2013 as Series No. 2013-199806 of Official Records in the Office of the County Recorder, Alameda County, California ("**Quitclaim Deed**"). The Quitclaim Deed conveyed the Premises subject to certain covenants, conditions, restrictions, easements, and encumbrances as set forth therein. The Premises are further encumbered by those certain restrictions set forth in the Declaration of Restrictions (Former Naval Air Station Alameda) dated June 4, 2013 and recorded June 6, 2013 as Series No.: 2013-199782 in the Office of the County Recorder of Alameda County ("**Declaration of Restrictions**"). Copies of the Quitclaim Deed and Declaration of Restrictions have been delivered to Tenant and, concurrently with the execution of this Lease, Tenant shall sign and return to Landlord the Acknowledgment of Receipt, attached hereto as **Exhibit D**. Use of the Premises is further restricted by the Covenant to Restrict Use of Property Environmental Restrictions recorded June 6, 2013 as Series No. 2013-199839 in the office of the County Recorder, Alameda County, CA (the "**CRUP**"), the National Environmental Protection Act Record of Decision ("**ROD**") for the disposal and reuse of the former Naval Air Station Alameda, and all conditions contained therein. A copy of the ROD is available for review at Landlord's office during normal business hours. The covenants, conditions, restrictions, easements, rights-of-way, reservations, rights, agreements, and encumbrances set forth in the Quitclaim Deed, Declaration of Restrictions and the ROD, as they affect the Premises, are collectively referred to herein as the "**Restrictions.**" Any use of the Premises shall comply with the Restrictions and a failure to so comply shall constitute a Default under this Lease.

8. INTENTIONALLY DELETED.

9. INTENTIONALLY DELETED.

10. INTENTIONALLY DELETED.

11. ALTERATIONS.

11.1 Landlord Consent Required. Tenant shall not make any alterations, improvements, removals, or additions to the Premises (collectively, the “**Alterations**”), without Landlord's prior written consent in each and every instance, which consent may be conditioned upon criteria and/or requirements deemed reasonably necessary by Landlord. In the event Tenant desires to perform any Alterations, Tenant shall first submit to Landlord a written description of the proposed Alterations, and, if Landlord requires, plans and specifications relating thereto, and obtain Landlord's written approval prior to commencing it. Approval of Alterations may be conditioned upon providing Landlord with a performance and payment bond satisfactory to Landlord in all respects in addition to other requirements deemed reasonably necessary to protect the interests of Landlord. Notwithstanding the foregoing, Tenant shall have the right to make Alterations to the Premises with prior written notice to, but without the consent of, Landlord provided that such Alterations (a) do not require the procurement of a building permit, (b) do not involve excavations below the surface of the Premises, (c) the reasonably estimated costs of the Alterations, together with the costs of any other Alteration made during the immediately preceding twelve (12) months period, do not exceed Ten Thousand Dollars (\$10,000) and, (d) are performed in full compliance with the terms Sections 10.2 and 10.4 below.

11.2 Alterations. Any Alterations to the Premises shall be made in compliance with all applicable Laws and all reasonable requirements requested by Landlord. Prior to undertaking any Alterations, to the extent required by applicable Laws, Tenant agrees to submit an application to the applicable governmental authorities, for review and obtaining approval of such plans and proposals for such Alterations to the Premises. In addition, Tenant shall also submit to Landlord a narrative description of all proposed Alterations on the Premises, with the projected schedule and costs thereof. All Alterations shall be done at the expense of Tenant without any costs or obligation to Landlord. No Alterations shall be undertaken by Tenant on the Premises, unless such Alterations have been approved by all applicable governmental authorities and all requisite permits have been obtained. Upon completion of construction of any Alterations, Tenant shall timely file or cause to be filed a notice of completion. Landlord may post upon the leased Premises a notice of non-responsibility.

11.3 Excavations. In the event Tenant intends to perform any Alterations requiring excavations below the surface of the Premises, Tenant must determine the actual location of all utilities using standard methods (i.e., potholing, metal fish line, etc.) and submit this information with an application to excavate or application to build a permanent structure to Landlord for approval (which shall also include the approval of other applicable governmental authorities). The application shall include a site plan showing the location of utilities and that construction will not take place above the utility line or within the utility easement, specifically showing that no permanent structure will be constructed in these areas. Tenant shall be responsible for

complying with the provisions of the City of Alameda's Marsh Crust Ordinance, and if required, shall obtain a Marsh Crust Permit.

11.4 Liens. Tenant shall pay when due all claims for labor or materials furnished Tenant for use in the Premises. Tenant shall not permit any mechanic liens or any other liens against the Premises for any labor or materials furnished to Tenant in connection with work performed on or about the Premises by or at the direction of Tenant. Tenant shall indemnify, hold harmless and defend Landlord (by counsel reasonably satisfactory to Landlord) from any liens and encumbrances arising out of any work performed or materials furnished by or at the direction of Tenant. In the event that Tenant shall not, within ten (10) days following the imposition of any such lien, cause such lien to be released of record by payment or posting of a proper bond, Landlord shall have, in addition to all other remedies provided herein or by law, the right, but not the obligation, to cause the same to be released by such means as it may deem proper, including payment of the claim giving rise to such lien. All such sums paid by Landlord and expenses reasonably incurred in connection therewith, including attorneys' fees and costs, shall be payable to Landlord by Tenant on demand.

11.5 Improvements. Landlord shall cause the slurry sealing and striping of the parking lot within the Premises, at Tenant's cost and expense. Tenant, at Tenant's sole cost and expense, shall install a crosswalk which shall include a flashing beacon, in accordance with the terms and conditions of this Lease, including, without limitation, the provisions of Section 11 above. The term "**City**" as used in this Section 11.5 shall mean the City of Alameda in its regulatory capacity, as distinguished from the City of Alameda as the Landlord under this Lease.

(a) Tenant shall commence construction in an expeditious manner following receipt of all required permits by the City and all governmental authorities having jurisdiction over the Premises for such construction and in accordance with the schedule of performance attached hereto as **Exhibit G** (as updated from time to time by reasonable mutual agreement by the Landlord and Tenant, the "**Schedule of Performance**").

(b) Landlord and the City assume no liability or responsibility for any defect in any structure by their approval of plans and specifications for such improvements.

(c) Tenant shall require any and all contractors engaged by Tenant to construct the improvements on the Premises to comply with all applicable Laws, including without limitation, applicable Prevailing Wage Laws and Hazardous Materials Laws.

(d) Tenant shall provide Landlord two (2) complete sets of final approved "as built" plans within ninety (90) days after completion of the improvements.

(e) The improvements shall be the property of the Landlord free and clear of any and all liens, encumbrances or claims of any kind and the City shall have no obligation to reimburse Tenant for any portion of the value or cost.

12. MAINTENANCE AND REPAIR OF PREMISES.

12.1 Maintenance and Repair by Tenant. Tenant shall, at its sole cost and expense, keep and maintain the Premises in good order and repair, taking into consideration the nature of

the Permitted Use. Tenant, in keeping the Premises in good order, condition and repair, shall exercise and perform good maintenance practices. Tenant shall maintain the grounds of the Premises, including paving, the mowing of grass, care of shrubs and general landscaping. Tenant's obligations shall include restorations, replacements and renewals when necessary, as reasonably determined by Tenant to keep the Premises and all improvements thereon or a part thereof in good order, condition and state of repair.

(a) Debris and materials not intended to be used as part of Tenant's operations on the Premises shall be promptly removed from the Premises, and the area of work shall be kept reasonably clean and free of such unused materials at all times.

(b) Tenant shall provide for all security and safety within the Premises. Any crimes or other offenses, involving damage to or theft of Landlord property shall be reported to the appropriate authorities for their investigation and disposition and to Landlord as property owner and lessor. Notwithstanding the foregoing, Tenant shall have no responsibility for any personal property of Landlord that Landlord has stored or located on the Premises, and Landlord shall be solely responsible for its safety and security.

(c) Tenant shall be responsible, at its cost and expense, for obtaining and providing any and all other services which may be required in connection with Tenant's use or occupancy of the Premises.

12.2 Maintenance and Repair by Landlord. Landlord shall have no responsibility for maintenance or repair of any portion of the Premises, except to the extent Landlord is required to make repairs pursuant to Section 13 below. Tenant hereby waives any and all rights under and benefits of subsection 1 of Section 1932, and Sections 1941 and 1942 of the California Civil Code or any similar or successor Laws now or hereby in effect.

13. ENVIRONMENTAL PROTECTION PROVISIONS.

13.1 Hazardous Materials. "**Hazardous Materials**" shall mean any material, substance or waste that is or has the characteristic of being hazardous, toxic, ignitable, reactive, flammable, explosive, radioactive or corrosive, including, without limitation, petroleum, solvents, lead, acids, pesticides, paints, printing ink, PCBs, asbestos, materials commonly known to cause cancer or reproductive problems and those materials, substances and/or wastes, including wastes which are or later become regulated by any local governmental authority, the state in which the Premises are located or the United States Government, including, but not limited to, substances defined as "hazardous substances," "hazardous materials," "toxic substances" or "hazardous wastes" in the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. §9601, et seq.; the Hazardous Materials Transportation Act, 49 U.S.C. §1801, et seq.; the Resource Conservation and Recovery Act; all environmental laws of the state where the Property is located, and any other environmental law, regulation or ordinance now existing or hereinafter enacted. "**Hazardous Materials Laws**" shall mean all present and future federal, state and local laws, ordinances and regulations, prudent industry practices, requirements of governmental entities and manufacturer's instructions relating to industrial hygiene, environmental protection or the use, analysis, generation, manufacture, storage, presence, disposal or transportation of any Hazardous

Materials, including without limitation the laws, regulations and ordinances referred to in the preceding sentence.

13.2 Reportable Uses Required Consent. Except as permitted in this Article 13, Tenant hereby agrees that Tenant and Tenant's officers, employees, representatives, agents, contractors, subcontractors, successors, assigns, subtenants, concessionaires, invitees and any other occupants of the Premises (for purposes of this Article 13, referred to collectively herein as "**Tenant Representatives**") shall not cause or permit any Hazardous Materials to be used, generated, manufactured, refined, produced, processed, stored or disposed of, on, under or about the Premises or transport to or from the Premises without the express prior written consent of Landlord, which consent may be limited in scope and predicated on strict compliance by Tenant of all applicable Hazardous Materials Laws and such other reasonable rules, regulations and safeguards as may be required by Landlord (or any insurance carrier, environmental consultant or lender of Landlord, or environmental consultant retained by any lender of Landlord) in connection with using, generating, manufacturing, refining, producing, processing, storing or disposing of Hazardous Materials on, under or about the Premises. In connection therewith, Tenant shall, at its own expense, procure, maintain in effect and comply with all conditions of any and all permits, licenses and other governmental and regulatory approvals required for the storage or use by Tenant or any of Tenant's Representatives of Hazardous Materials on the Premises, including without limitation, discharge of (appropriately treated) materials or wastes into or through any sanitary sewer serving the Premises. The foregoing notwithstanding, Tenant may use ordinary and customary materials reasonably required to be used in the course of the Permitted Use, ordinary office supplies (copier, toner, liquid paper, glue, etc.) and common household cleaning materials, so long as such use is in compliance with all Hazardous Materials Laws and does not expose Landlord to any liability therefor.

13.3 Remediation Obligations. If at any time during the Term, any contamination of the Premises by Hazardous Materials in violation of Hazardous Materials Laws shall occur where such contamination is caused by the act or omission of Tenant or Tenant's Representatives ("**Tenant's Contamination**"), then Tenant, at Tenant's sole cost and expense, shall promptly and diligently remove such Hazardous Materials from the Premises or the groundwater underlying the Premises to the extent required to comply with applicable Hazardous Materials Laws. Tenant shall not take any required remedial action in response to any Tenant's Contamination in or about the Premises or enter into any settlement agreement, consent, decree or other compromise in respect to any claims relating to any Tenant's Contamination without first obtaining the prior written consent of Landlord, which may be subject to conditions imposed by Landlord as determined in Landlord's sole discretion. Such prior written consent shall not be required to the extent the delay caused by the requirement to obtain consent may increase the damage to the Premises or the risk of harm to human health, safety or security caused by the Tenant Contamination. Landlord and Tenant shall jointly prepare a remediation plan in compliance with all Hazardous Materials Laws and the provisions of this Lease. In addition to all other rights and remedies of Landlord hereunder, if Tenant does not promptly and diligently take all steps to prepare and obtain all necessary approvals of a remediation plan for any Tenant's Contamination, and thereafter commence the required remediation of any Hazardous Materials released or discharged in connection with Tenant's Contamination within thirty (30) days after all necessary approvals and consents have been obtained, and thereafter continue to prosecute such remediation to completion in accordance with the approved remediation plan, then Landlord, at

its sole discretion, shall have the right, but not the obligation, to cause such remediation to be accomplished, and Tenant shall reimburse Landlord within fifteen (15) business days of Landlord's demand for reimbursement of all amounts reasonably paid by Landlord (together with interest on such amounts at the highest lawful rate until paid), when such demand is accompanied by proof of payment by Landlord of the amounts demanded. Tenant shall promptly deliver to Landlord, copies of hazardous waste manifests reflecting the legal and proper disposal of all Hazardous Materials removed from the Premises as part of Tenant's remediation of any Tenant's Contamination. The foregoing notwithstanding, "Tenant's Contamination" shall not refer to or include any Preexisting Contamination (as defined in Section 13.8 below) or other Hazardous Materials that were not clearly introduced to the Premises by Tenant or Tenant's Representatives. As an example, if lead dust or asbestos are found on the Premises, unless there is clear evidence that Tenant introduced those Hazardous Materials to the Premises, those Hazardous Materials shall not be considered "Tenant's Contamination," and it shall not be Tenant's responsibility to take remedial action relating to such Hazardous Materials.

13.4 Environmental Permits. Tenant, its contractors, assigns or subtenants shall be solely responsible for obtaining and complying with, at their cost and sole expense, any environmental permits required for Tenant's operations under the Lease, independent of any existing permits held by Landlord. Tenant shall not conduct operations or activities under any environmental permit that names Landlord as a secondary discharger or co-permittee. Tenant shall provide prior written notice to Landlord of all environmental permits and permit applications required for any of Tenant's operations or activities. Tenant acknowledges that Landlord will not consent to being named a secondary discharger or co-permittee for any operations or activities of Tenant, its contractors, assigns or subtenants. Tenant shall strictly comply with any and all environmental permits (including any hazardous waste permit required under the Resource Conservation and Recovery Act or its state equivalent) and must provide, at its own expense, any hazardous waste management facilities complying with all Hazardous Material Laws.

13.5 Landlord's Inspection Right. Landlord shall have the right to inspect, upon reasonable notice, the Premises for compliance with environmental, safety, and occupational health laws and regulations, regardless of whether Landlord is responsible for enforcing or complying with them. Landlord normally will give Tenant twenty-four (24) hours' prior notice of its intention to enter the Premises unless it determines the entry is required for exigent circumstances related to health, safety, or security; provided, however, Landlord agree to use its best commercial efforts to provide Tenant with the maximum advance notice of any such entrance and will, without representation or warranty, attempt to structure such entrance in the least intrusive manner possible. Tenant shall have no claim against Landlord, or any officer, agent, employee, contractor or subcontractor of Landlord by reason of entrance of such Landlord officer, agent, employee, contractor or subcontractor onto the Premises.

13.6 Hazardous Materials Handling Plan. Prior to the execution of this Lease, Tenant shall complete, execute and deliver to Landlord an Environmental Questionnaire Disclosure Statement (the "**Environmental Questionnaire**"), in the form of **Exhibit E** attached hereto. To the extent Tenant intends to store, use, treat or dispose of Hazardous Materials on the Premises, Tenant shall prepare and submit together with the Environmental Questionnaire a Hazardous Materials Handling Plan (the "**Hazardous Materials Handling Plan**"). For a period of fifteen

(15) days following Landlord's receipt of the Environmental Questionnaire and Hazardous Materials Handling Plan, if applicable, Landlord shall have the right to approve or disapprove such documents. The failure of Landlord to approve such documents shall be deemed Landlord's disapproval thereof. Landlord approval of the Environmental Questionnaire and the Hazardous Materials Handling Plan shall constitute approval for Tenant's use of the Hazardous Materials set forth therein in compliance with Hazardous Materials Laws and the Hazardous Materials Handling Plan. Following approval of the Hazardous Materials Handling Plan, Tenant shall comply therewith throughout the Term. To the extent Tenant is permitted to utilize Hazardous Materials upon the Premises, such use shall be limited to the items set forth in the Environmental Questionnaire, shall comply with Hazardous Materials Laws and the Hazardous Materials Handling Plan and Tenant shall promptly provide Landlord with complete and legible copies of all the following environmental items relating thereto: reports filed pursuant to any self-reporting requirements; permit applications, permits, monitoring reports, workplace exposure and community exposure warnings or notices and all other reports, disclosures, plans or documents relating to water discharges, air pollution, waste generation or disposal, and underground storage tanks for hazardous materials; orders, reports, notices, listing and correspondence of or concerning the release, investigation of, compliance, cleanup, remedial and corrective actions, and abatement of hazardous materials; and all complaints, pleadings and other legal documents filed by or against Tenant related to Tenant's use, handling, storage or disposal of hazardous materials. If, in conjunction with Tenant's Permitted Use of the Premises, Tenant desires to commence the use, treatment, storage or disposal of previously undisclosed Hazardous Materials, prior to such usage thereof, Tenant shall notify Landlord thereof, by written summary detailing the scope of such proposed usage and updating the Hazardous Materials Handling Plan to the extent required by such proposed usage. For a period of fifteen (15) days following Landlord's receipt of such notice, Landlord shall have the right to approve or disapprove of such documents. The failure of Landlord to approve of such documents within such time period shall be deemed Landlord's disapproval thereof.

13.7 Hazardous Materials Indemnity. In addition to any other provisions of this Lease, Tenant shall, and does hereby agree, to, indemnify and hold harmless Landlord from any costs, expenses, liabilities, fines or penalties resulting from discharges, emissions, spills, storage or disposal arising from Tenant's occupancy, use or operations, or any other action by Tenant or its contractors, employees, agents, assigns, invitees, or subtenants giving rise to liability, civil or criminal, or any other action by Tenant or its contractors, employees, agents, assigns, or subtenants giving rise to responsibility under any Hazardous Materials Laws. Tenant's obligations hereunder shall apply whenever Landlord incurs costs or liabilities for Tenant's activities or for the activities of Tenant's contractors, employees, agents, assigns, invitees, or subtenants as provided hereunder. This provision shall survive the expiration or termination of this Lease.

13.8 Preexisting Contamination. Tenant acknowledges that preexisting, undisclosed contamination by Hazardous Materials in violation of Hazardous Materials Laws may exist at the Premises prior to the Commencement Date ("**Preexisting Contamination**"). If during development of the Premises, Tenant or Tenant's Representatives discover Preexisting Contamination, Tenant's sole remedy under the Lease shall be to remediate the Preexisting Contamination in accordance with the procedures set forth in Section 13.3 above with respect to remediation of Tenant's Contamination (except that such remediation shall be subject to

reimbursement as set forth in Section 13.8(a) below and Tenant shall not be obligated to commence remediation within thirty (30) days after receiving all necessary approvals and consents, but shall perform such remediation in conjunction with Tenant's construction of the improvements:

(a) (i) (A) request that Landlord make a claim for the costs of such remediation against the U.S. Department of the Navy ("Navy"), which Landlord shall be obligated to undertake, and (B) pay the proceeds of such action to the Tenant or its environmental insurance carrier if Tenant has procured insurance, made a claim with its carrier for such costs, and received reimbursement from its carrier, or (ii) request that Landlord allow the Tenant, or if applicable, its environmental insurance carrier, to make the claim directly against the Navy on behalf of Landlord; or

(b) terminate the work if the costs exceed the original estimates for the Preexisting Contamination remediation and terminate the Lease.

14. ASSIGNMENT AND SUBLETTING.

14.1 Landlord Consent Required. Subject to Sections 14.5 and 14.6 below, Tenant shall not voluntarily (a) mortgage, pledge, hypothecate or encumber this Lease or any interest therein, or (b) assign or transfer this Lease or any interest herein, sublease the Premises or any part thereof or any right or privilege appurtenant thereto, or allow any other person (the employees and invitees of Tenant excepted) to occupy or use the Premises, or any portion thereof, without first obtaining the written consent of Landlord, which consent shall not be withheld unreasonably provided that (i) Tenant is not then in Default under this Lease nor is any event then occurring, with the giving of notice or the passage of time, or both, would constitute a Default hereunder; and (ii) Tenant has not previously assigned or transferred this Lease or any interest herein or subleased the Premises or any part thereof. A transfer of greater than fifty percent (50%) interest (whether stock, partnership interest, membership interest or otherwise) of Tenant, either in one (1) transaction or a series of transactions shall be deemed to be an assignment under this Lease. For the purpose of this Article 14, Landlord's consent shall not be required for an assignment or transfer by Tenant mandated by the California legislature.

14.2 Intentionally deleted.

14.3 Reasonable Consent.

(a) If Tenant intends to assign this Lease or sublet the Premises or any part thereof, Tenant shall give Landlord written notice of such intent. Tenant's notice shall be accompanied by a copy of the proposed assignment or sublease between Tenant and the proposed assignee or subtenant, together with current financial statements for the proposed assignee or subtenant, which financial statement shall be prepared in accordance with generally accepted accounting principles (or the Governmental Accounting Standards Board, if applicable). Tenant shall provide Landlord with any additional information or documentation reasonably requested by Landlord within ten (10) business days after receiving Landlord's request.

(b) Landlord shall then have a period of thirty (30) days following receipt of such additional information (or thirty (30) days after receipt of Tenant's notice if no additional information is requested) within which to notify Tenant in writing that Landlord elects either (i) to permit Tenant to assign this Lease or sublet such space, subject, however, to prior written consent to the proposed assignment or sublease, or (ii) deny Tenant's request to assign this Lease or sublet such space.

(c) Among other factors upon which Landlord may base a withholding of consent, taking into account the nature of Tenant's status as a governmental agency, are the following: (i) the use of the Premises by such proposed assignee or subtenant would not be a Permitted Use; (ii) the financial condition of the proposed assignee or subtenant is such that, in Landlord's reasonable determination, it would be unable to perform its obligations under the proposed sublease or assignment; (iii) the portion of the Premises proposed to be sublet is irregular in shape and/or does not permit safe or otherwise appropriate means of ingress and egress, or does not comply with other Laws or regulations; (iv) Landlord or Landlord's agents have negotiated with the proposed assignee or subtenant regard the leasing of space, at any time within the preceding six (6) months; or (v) any other reasonable basis that Landlord may assert.

14.4 Transfer Premium. If Landlord consents to any requested assignment or sublease (each "**Transfer**") and the assignee or subtenant pays to Tenant an amount in excess of the Rent due under this Lease (after deducting Tenant's reasonable, actual expenses in obtaining such assignment or sublease, such expenses being limited to: (a) any Alterations to the Premises made in order to achieve the Transfer, or contributions to the cost thereof, amortized in equal monthly installments over the then remainder of the Term; and (b) any commercially reasonable brokerage commissions, reasonable attorneys' fees and reasonable advertising and marketing costs incurred by Tenant in connection with the Transfer) ("**Transfer Premium**"). Tenant shall pay fifty percent (50%) of such Transfer Premium to Landlord as and when the payments are received by Tenant.

14.5 Tenant Affiliates. Notwithstanding anything to the contrary contained in Section 14.1, Tenant may, without obtaining the prior consent of Landlord, and without the payment of any amounts pursuant to Section 14.4, sublet or license the use of all or any part of the Premises or assign this Lease to a Tenant Affiliate, provided that (a) Tenant shall give not less than thirty (30) days' prior written notice thereof to Landlord (to the extent such notice is permitted by applicable Law), (b) Tenant shall continue to be fully obligated under this Lease, and (c) any such assignee or sublessee shall expressly assume and agree to perform all the terms and conditions of this Lease to be performed by Tenant and to use the Premises only for a Permitted Use (but with respect to a sublease, only with respect to that portion of the Premises that is the subject of the sublease and excluding all rental obligations of Tenant hereunder). As used herein, "**Tenant Affiliate**" means (i) an entity controlling, controlled by or under common control with Tenant, (ii) a successor entity related to Tenant by merger, consolidation, nonbankruptcy reorganization, or government action, or (iii) a purchaser of substantially all of Tenant's assets located in the Premises; and a party shall be deemed to "control" another party for purposes of the definition contained in the aforesaid clause (i) only if the first party owns more than fifty percent (50%) of the stock or other beneficial interests of the second party or has the power to direct or cause the direction of the management or policy of the second party, or the first and second party share the same, or substantially the same (defined as a majority of

directors on the “controlled” entity’s board are also on the other entity’s board), board of directors.

14.6 No Release. No Transfer shall release or discharge Tenant of or from any liability, whether past, present or future, under this Lease, and Tenant shall continue to be fully liable hereunder. Each subtenant or assignee shall agree, in a form reasonably satisfactory to Landlord, to comply with and be bound by all of the terms, covenants, conditions, provisions and agreements of this Lease. The assignment or sublease agreement, as the case may be, after approval by Landlord, shall not be amended without Landlord’s prior written consent, and shall contain a provision directing the assignee or subtenant to pay the rent and other sums due thereunder directly to Landlord upon receiving written notice from Landlord that Tenant is in default under this Lease with respect to the payment of Rent. In the event that, notwithstanding the giving of such notice, Tenant collects any rent or other sums from the assignee or subtenant, then Tenant shall hold such sums in trust for the benefit of Landlord and shall immediately forward the same to Landlord. Landlord’s collection of such rent and other sum shall not constitute an acceptance by Landlord of attornment by such assignee or subtenant. Tenant shall deliver to Landlord promptly after execution an executed copy of each Transfer and an agreement of compliance by each such subtenant or assignee.

14.7 Expenses and Attorneys’ Fees. Tenant shall pay to Landlord all costs and expenses (including without limitation, the reasonable fees of Landlord’s counsel) incurred in connection with Landlord’s review and processing of documents regarding any proposed Transfer.

14.8 Limitations on Transfer Reasonable. Tenant acknowledges and agrees that the restrictions, conditions, and limitations imposed by this Article 14 on Tenant’s ability to assign or transfer this Lease or any other interests herein, to sublet the Premises or any part thereof, are, for purposes of California Civil Code Section 1951.4, as amended from time to time, and for all other purposes, reasonable at the time this Lease was entered into and shall be deemed to be reasonable at the time that Tenant seeks to assign or transfer this Lease or any interest herein, to sublet the Premises or any part thereof, or to transfer or assign any right or privilege appurtenant to the Premises.

15. INDEMNITY AND WAIVER OF CLAIMS.

15.1 Indemnification by Tenant of Landlord. Tenant shall indemnify, defend and hold Landlord and Landlord Related Parties harmless against and from all liabilities, obligations, damages, penalties, claims, actions, costs, charges, judgment and expenses (including reasonable attorneys’ fees, costs and disbursements) (collectively referred to as “**Losses**”), arising from or growing out of any injury to persons or damage to the Premises caused by any act, neglect, fault, willful misconduct of Tenant or Tenant’s employees, agents servants, guests, invitees, contractors, or sublessees. However, this indemnity shall not extend to damages due to the negligence or willful misconduct of Landlord or Landlord Related Parties (as defined below). If any action or proceeding is brought against Landlord by reason of any such claim, upon notice from Landlord, Tenant shall defend the same at Tenant’s expense by counsel reasonably satisfactory to Landlord. As a material part of the consideration to Landlord, Tenant hereby releases Landlord and its trustees, members, principals, beneficiaries, partners, officers,

directors, employees, property managers, Mortgagees and agents (“**Landlord Related Parties**”) from responsibility for, waives its entire claim of recovery for and assumes all risks of damage to property or injury to person in or about the Premises from any cause whatsoever except to the extent caused by the negligence or willful misconduct of Landlord or Landlord Related Parties.

15.2 Waiver of Claims. Except in the event of its own negligence or willful misconduct, Landlord shall not be liable to Tenant and Tenant hereby waives all claims against Landlord and Landlord Related Parties for any injury or damage to any person or property occurring or incurred in connection with or in any way relating to the Premises from any cause. Without limiting the foregoing, neither Landlord nor any Landlord Related Parties shall be liable for and there shall be no abatement rent for (a) any damage to Tenant’s property stored with or entrusted to any Landlord Related Parties, (b) loss of or damage to any property by theft or any other wrongful or illegal act, or (c) any injury or damage to person or property resulting from fire, explosion, falling plaster, steam, gas, electricity, water or rain which may leak from any part of the Premises or from the pipes, appliances, appurtenance or plumbing works thereof or from the roof, street or surface or from any other place or resulting from dampness or any other cause whatsoever or from the acts or omissions of other tenants, occupants or other visitors to the Premises or from any other cause whatsoever, (d) any diminution or shutting off of light, air or view by any structure which may be erected on lands adjacent to the Premises or (e) any latent or other defects in the Premises. Tenant agrees that no case shall Landlord or any Landlord Related Parties be responsible or liable on any theory for any injury to Tenant’s business, loss of profits, loss of income or any other form of consequential damage.

15.3 Survival/No Impairment. The obligations of the parties under this Article 15 shall survive any termination of this Lease. The foregoing indemnity obligations shall not relieve any insurance carrier of its obligations under any policies required to be carried by either party pursuant to this Lease, to the extent that such policies cover the peril or currents that results in the claims that is subject to the foregoing indemnity.

16. INSURANCE.

16.1 Tenant’s Insurance.

(a) Liability Insurance. Tenant shall maintain in full force throughout the Term, commercial general liability insurance providing coverage on an occurrence form basis with limits of not less than Two Million Dollars (\$2,000,000.00) each occurrence for bodily injury and property damage combined, or such larger amount as Landlord may prudently require from time to time, covering bodily injury and property damage liability and product liability if a product is sold from the Premises. Each policy of liability insurance required by this Section shall: (i) contain a cross liability endorsement or separation of insureds clause; (ii) provide that any waiver of subrogation rights or release prior to a loss does not void coverage; (iii) provide that it is primary to and not contributing with, any policy of insurance carried by Landlord covering the same loss; (iv) provide that any failure to comply with the reporting provisions shall not affect coverage provided to Landlord, its partners, property managers and Mortgagees; and (v) name Landlord, PM Realty Group L.P. and such other parties in interest as Landlord may from time to time reasonably designate to Tenant in writing, as additional insureds in an Additional Insured Endorsement. Such additional insureds shall be provided at least the same

extent of coverage as is provided to Tenant under such policies. The additional insured endorsement shall be in a form at least as broad as endorsement form number CG 20 11 01 96 promulgated by the Insurance Services Office.

(b) Property Insurance. Tenant shall obtain and keep in full force and effect a policy or policies in Tenant's name insuring loss or damage to the Premises and any other Alterations, with Landlord as a named additional insured. The amount of such insurance shall be equal to the full insurable replacement costs of the Premises, as the same shall exist from time to time, but in no event more than the commercially reasonable and available insurable value thereof. If the coverage is available and commercially appropriate, such policy or policies shall insure against all risks of direct physical loss or damage, including coverage for debris removal and enforcement of any applicable Laws requiring the upgrading, demolition, reconstruction or replacement of any portion of the Premises as a result of a covered loss. Such policy or policies shall also contain an agreed valuation provision in lieu of any coinsurance clause and inflation guard protection causing an increase in the annual property insurance amount by a factor of not less than the adjusted U.S. Department of Labor Consumer Price Index for All Urban Consumers for San Francisco-Oakland-San Jose.

(c) Worker's Compensation Insurance; Employer's Liability Insurance. Tenant shall, at Tenant's expense, maintain in full force and effect during the Term of this Lease, worker's compensation insurance with not less than the minimum limits required by law, and employer's liability insurance with a minimum limit of coverage of One Million Dollars (\$1,000,000.00).

(d) Automobile Liability. Tenant shall, at Tenant's expense, maintain in full force and effect during the Term of this Lease, Commercial Automobile Liability providing coverage for any vehicle owned by Tenant and used in the conduct of its business. Such policy shall be in an amount of not less than One Million Dollars (\$1,000,000) combined single limit. Such policy of insurance shall be issued by an insurance company authorized to do business in the state of California and rated A-: VII or better in the Best's Key Rating Guide.

16.2 Requirements For All Policies. Each policy of insurance required under Section 15.1 shall: (a) be in a form, and written by an insurer, reasonably acceptable to Landlord, (b) be maintained at Tenant's sole cost and expense and (c) endeavor to provide at least fifteen (15) days' written notice to Landlord prior to any cancellation, nonrenewal or modification of insurance coverage. Insurance companies issuing such policies shall have rating classifications of "A-" or better and financial size category ratings of "VII" or better according to the latest edition of the Best Key Rating Guide. All insurance companies issuing such policies shall be admitted carriers licensed to do business in the state where the Property is located, unless any such policy is solely available through a non-admitted insurance company. Tenant shall provide to Landlord, upon request, evidence that the insurance required to be carried by Tenant pursuant to this Section, including any endorsement affecting the additional insured status, is in full force and effect and that premiums therefore have been paid. Tenant shall furnish Landlord with certificates of renewal thereof and shall provide Landlord with at least thirty days prior written notice of any cancellation or modification. Landlord and Tenant agree, to the extent such waivers are commercially reasonable, to have their respective insurance companies waive any

rights of subrogation that such company may have against Landlord or Tenant, as the case may be.

16.3 Certificates of Insurance. Upon execution of this Lease by Tenant, and not less than thirty (30) days prior to expiration of any policy thereafter, Tenant shall furnish to Landlord a certificate of insurance reflecting that the insurance required by this Article is in force, accompanied by an endorsement(s) showing the required additional insureds satisfactory to Landlord in substance and form.

17. DAMAGE OR DESTRUCTION.

17.1 Definitions.

(a) “**Insured Loss**” shall mean damage or destruction to improvements on the Premises, other than Tenant-owned trade fixtures, which was caused by an event required to be covered by the insurance described in Section 16.1, irrespective of any deductible amounts or coverage limits involved.

(b) “**Premises Partial Damage**” shall mean damage or destruction to the improvements on the Premises, which can reasonably be repaired in six (6) months or less from the date of the damage or destruction. Tenant shall notify Landlord in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is Partial or Total and the estimated time for repairing such damage.

(c) “**Premises Total Destruction**” shall mean damage or destruction to the Premises, which cannot reasonably be repaired in six (6) months or less from the date of the damage or destruction. Tenant shall notify Landlord in writing within thirty (30) days from the date of the damage or destruction as to whether or not the damage is partial or total.

17.2 Partial Damage - Insured Loss. If Premises Partial Damage has occurred, Tenant shall, at Tenant’s expense, repair such damage as soon as reasonably possible and this Lease shall continue in full force and effect. Notwithstanding the foregoing, if the required insurance was not in force or the insurance proceeds are not sufficient to effect such repair, Tenant shall promptly contribute the shortage in proceeds (except as to the deductible which is Tenant’s responsibility) as and when required to complete such repairs. In the event, however, such shortage was due to the fact that, by reason of the unique nature of the improvements, full replacement cost insurance coverage was not commercially reasonable and available, Tenant shall have no obligation to fully restore the unique aspects of the Premises.

17.3 Partial Damage - Uninsured Loss. If Premises Partial Damage has occurred that is not an Insured Loss occurs, Tenant may either: (a) repair such damage as soon as reasonably possible at its expense, in which event this Lease shall continue in full force and effect, or (b) terminate this Lease by giving written notice to Landlord within thirty (30) days after receipt by Tenant of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice.

17.4 Total Destruction. Notwithstanding any other provision hereof, if Premises Total Destruction occurs, Tenant may either: (a) repair such damage as soon as reasonably possible at

its expense, in which event this Lease shall continue in full force and effect, or (b) terminate this Lease by giving written notice to Landlord within thirty (30) days after receipt by Tenant of knowledge of the occurrence of such damage. Such termination shall be effective sixty (60) days following the date of such notice.

17.5 Rent Abatement. In the event of Premises Partial Damage or Premises Total Destruction not caused by an act or omission of Tenant, the Rent payable by Tenant for the period required for the repair, remediation or restoration of such damage shall be abated in proportion to the degree to which Tenant's use of the Premises is impaired. All other obligations of Tenant hereunder shall be performed by Tenant, and Landlord shall have no liability for any such damage, destruction, remediation, repair or restoration except as provided herein.

18. INTENTIONALLY DELETED.

19. DEFAULT.

19.1 Events of Default. The occurrence of any of the following shall constitute a "Default" by Tenant:

(a) Tenant fails to make any payment of Rent when due, if payment in full is not received by Landlord within five (5) days after written notice that it is past due.

(b) Tenant abandons the Premises as defined in Section 1951.3 of the California Civil Code.

(c) Tenant fails timely to deliver any subordination document or estoppel certificate requested by Landlord within the applicable time period specified hereinbelow.

(d) Tenant violates the restrictions on Transfer set forth in Article 14.

(e) Tenant ceases doing business as a going concern; makes an assignment for the benefit of creditors; is adjudicated an insolvent, files a petition (or files an answer admitting the material allegations of a petition) seeking relief under any under any state or federal bankruptcy or other statute, law or regulation affecting creditors' rights; all or substantially all of Tenant's assets are subject to judicial seizure or attachment and are not released within thirty (30) days, or Tenant consents to or acquiesces in the appointment of a trustee, receiver or liquidator for Tenant or for all or any substantial part of Tenant's assets.

(f) Tenant fails to perform or comply with any provision of this Lease other than those described in (a) through (e) above, and does not fully cure such failure within fifteen (15) days after notice to Tenant or, if such failure cannot be cured within such fifteen (15) day period, Tenant fails within such fifteen (15)-day period to commence, and thereafter diligently proceed with, all actions necessary to cure such failure as soon as reasonably possible but in all events within ninety (90) days of such notice.

19.2 Remedies. Upon the occurrence of any Default under this Lease, whether enumerated in Section 18.1 or not, Landlord shall have the option to pursue any one or more of the following remedies without any notice (except as expressly prescribed herein) or demand

whatsoever. Without limiting the generality of the foregoing, Tenant hereby specifically waives notice and demand for payment of Rent or other obligations, and waives any and all other notices or demand requirements imposed by applicable Law:

(a) Terminate this Lease and Tenant's right to possession of the Premises and recover from Tenant an award of damages equal to the sum of the following:

- (i) The Worth at the Time of Award of the unpaid Rent which had been earned at the time of termination;
- (ii) The Worth at the Time of Award of the amount by which the unpaid Rent which would have been earned after termination until the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could have been reasonably avoided;
- (iii) (The Worth at the Time of Award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of such Rent loss that Tenant affirmatively proves could be reasonably avoided discounted to the then present value;
- (iv) Any other amount necessary to compensate Landlord for all the detriment either proximately caused by Tenant's failure to perform Tenant's obligations under this Lease or which in the ordinary course of things would be likely to result therefrom; and
- (v) All such other amounts in addition to or in lieu of the foregoing as may be permitted from time to time under applicable law.

The "**Worth at the Time of Award**" of the amounts referred to in parts (i) and (ii) above, shall be computed by allowing interest at the lesser of a per annum rate equal to: (A) the greatest per annum rate of interest permitted from time to time under applicable law, or (B) the Prime Rate plus 5% as determined by Landlord.

(b) Employ the remedy described in California Civil Code § 1951.4 (Landlord may continue this Lease in effect after Tenant's breach and abandonment and recover Rent as it becomes due, if Tenant has the right to sublet or assign, subject only to reasonable limitations); or

(c) Notwithstanding Landlord's exercise of the remedy described in California Civil Code § 1951.4 in respect of an event or events of default, at such time thereafter as Landlord may elect in writing, to terminate this Lease and Tenant's right to possession of the Premises and recover an award of damages as provided above.

19.3 No Waiver. The subsequent acceptance of Rent hereunder by Landlord shall not be deemed to be a waiver of any preceding breach by Tenant of any term, covenant or condition of this Lease, other than the failure of Tenant to pay the particular Rent so accepted, regardless

of Landlord's knowledge of such preceding breach at the time of acceptance of such Rent. No waiver by Landlord of any breach hereof shall be effective unless such waiver is in writing and signed by Landlord.

19.4 Waiver of Redemption, Reinstatement, or Restoration. Tenant hereby waives any and all rights conferred by Section 3275 of the Civil Code of California and by Sections 1174(c) and 1179 of the Code of Civil Procedure of California and any and all other laws and rules of law from time to time in effect during the Lease Term or thereafter providing that Tenant shall have any right to redeem, reinstate or restore this Lease following its termination as a result of Tenant's breach.

19.5 Remedies Cumulative. No right or remedy herein conferred upon or reserved to Landlord is intended to be exclusive of any other right or remedy, and each and every right and remedy shall be cumulative and in addition to any other right or remedy given hereunder or now or hereafter existing by agreement, applicable Law or in equity. In addition to other remedies provided in this Lease, Landlord shall be entitled, to the extent permitted by applicable Law, to injunctive relief, or to a decree compelling performance of any of the covenants, agreements, conditions or provisions of this Lease, or to any other remedy allowed to Landlord at law or in equity. Forbearance by Landlord to enforce one or more of the remedies herein provided upon an event of Default shall not be deemed or construed to constitute a waiver of such Default.

19.6 Landlord's Right to Perform Tenant's Obligations. If Tenant is in Default of any of its non-monetary obligations under this Lease, in addition to the other rights and remedies of Landlord provided herein, then Landlord may at Landlord's option, but without any obligation to do so and without further notice to Tenant, perform any such term, provision, covenant or condition or make any such payment and Landlord by reason of doing so shall not be liable or responsible for any loss or damage thereby sustained by Tenant. If Landlord performs any of Tenant's obligations hereunder in accordance with this Section 18.6, the full amount of the costs and expense incurred or the payments so made or the amount of the loss so sustained shall be immediately be owed by Tenant to Landlord, and Tenant shall promptly pay to Landlord upon demand, as Additional Rent, the full amount thereof with interest thereon from the day of payment by Landlord the lower of ten percent (10%) per annum, or the highest rate permitted by applicable law.

19.7 Severability. This Article 18 shall be enforceable to the maximum extent such enforcement is not prohibited by applicable Law, and the unenforceability of any portion thereof shall not thereby render unenforceable any other portion.

20. LIMITATION OF LIABILITY.

Notwithstanding anything to the contrary contained in this Lease, the liability of Landlord (and of any successor landlord) shall be limited to the interest of Landlord in the Premises as the same may from time to time be encumbered. Tenant shall look solely to Landlord's interest in the Premises for the recovery of any judgment. Neither Landlord nor any Landlord Related Parties shall be personally liable for any judgment or deficiency, and in no event shall Landlord or any Landlord Related Parties be liable to Tenant for any lost profit, damage to or loss of business or a form of special, indirect or consequential damage. Before

filing suit for an alleged default by Landlord, Tenant shall give Landlord and the Mortgagee(s) whom Tenant has been notified hold mortgages (defined in Article 22 below), notice and reasonable time to cure the alleged default.

21. SURRENDER OF PREMISES.

At the termination of this Lease or Tenant's right of possession, Tenant shall remove Tenant's personal property from the Premises, and quit and surrender the Premises to Landlord, broom clean, and in good order, condition and repair, ordinary wear and tear and damage excepted. If Tenant fails to remove any of Tenant's personal property, or to restore the Premises to the required condition, Landlord, at Tenant's sole cost and expense, shall be entitled (but not obligated) to remove and store Tenant's property and/or perform such restoration of the Premises. Landlord shall not be responsible for the value, preservation or safekeeping of Tenant's personal property. Tenant shall pay Landlord, upon demand, the expenses and storage charges incurred. If Tenant fails to remove Tenant's personal property from the Premises or storage, within 30 days after notice, Landlord may deem all or any part of Tenant's personal property to be abandoned and, at Landlord's option, title to Tenant's personal property shall vest in Landlord or Landlord may dispose of Tenant's personal property in any manner Landlord deems appropriate.

22. HOLDING OVER.

If Tenant fails to surrender all or any part of the Premises at the termination of this Lease, occupancy of the Premises after termination shall be that of a tenancy at sufferance. Tenant's occupancy shall be subject to all the terms and provisions of this Lease and Tenant shall pay an amount (on a per month basis without reduction for partial months during the holdover) equal to 150% of the sum of the Base Rent due for the period immediately preceding the holdover. No holding over by Tenant shall operate to extend the Term. If Tenant does not surrender possession at the end of the Term or sooner termination of this Lease, Tenant shall indemnify and hold Landlord harmless from and against any and all losses or liability resulting from delay in Tenant so surrendering the Premises including, without limitations, any loss or liability resulting from any claim against Landlord made by any succeeding tenant or prospective tenant founded on or resulting from such delay. Any holding over by Tenant with the written consent of Landlord shall thereafter constitute a lease from month to month.

23. MORTGAGES; ESTOPPEL CERTIFICATE.

23.1 Subordination to Mortgages. Tenant accepts this Lease subject and subordinate to any mortgage(s), deed(s) of trust, ground lease(s) or other lien(s) now or subsequently arising upon the Premises and any ground lease(s) or other agreements or covenants running with the land now or subsequently arising upon the Premises, and to renewals, modifications, refinancing and extensions thereof (collectively referred to as a "**Mortgage**"). The party having the benefit of a Mortgage shall be referred to as a "**Mortgagee**". This clause shall be self-operative, but upon request from a Mortgagee, Tenant shall, within ten (10) days written request therefor from Landlord, execute a commercially reasonable subordination agreement in favor of the Mortgagee. Landlord shall use commercially reasonable efforts to obtain for Tenant a non-disturbance provision in any such subordination agreement. As an alternative, a Mortgagee shall have the

right at any time to subordinate its Mortgage to this Lease. Upon request, Tenant, shall attorn to any successor to Landlord's interest in this Lease.

23.2 Mortgage Protection. Tenant shall give to any Mortgagee, in accordance with the Notice Requirements of Article 25 below, at the same time as it is given to Landlord, a copy of any Notices of Default given to Landlord, provided that, prior to such notice, Tenant has been notified in writing (by way of notice of assignment of rent and leases, or otherwise) of the address of such Mortgagee. Tenant further agrees that, if Landlord shall have failed to cure such default within the time provided for in this Lease, then the Mortgagee shall have an additional reasonable period of time within which to cure such default, or if such default cannot be cured without Mortgagee pursuing its remedies against Landlord, then such additional time as may be necessary to commence and complete a foreclosure proceeding. If, in connection with obtaining financing for the Project, or a portion thereof, Landlord's lender shall request reasonable modifications to this Lease as a condition to such financing, Tenant shall not unreasonably withhold, delay or defer its consent to such modifications, provided that such modifications do not materially adversely affect Tenant's rights or increase Tenant's obligations under this Lease.

24. TENANT'S ESTOPPEL CERTIFICATE.

Within ten (10) days after written request therefor, Tenant shall execute and deliver to Landlord, in a form provided by or satisfactory to Landlord, an estoppel certificate stating, that this Lease is in full force and effect, describing any amendments or modifications thereto, acknowledging that this Lease is subordinate or prior, as the case may be, to any Mortgage and stating any other information Landlord may reasonably request, including the Term, the monthly Base Rent, the date to which Rent has been paid, the amount of any security deposit or prepaid rent, whether either party hereto is in default under the terms of the Lease, and whether Landlord has completed any construction obligations hereunder. Any such estoppel certificate may be relied upon by any person or entity purchasing, acquiring an interest in or extending finance with respect to the Project, or any part thereof. If Tenant fails to provide such certificate within ten (10) days as herein provided, such failure shall at Landlord's election, constitute a Default and Tenant shall be deemed to have given such certificate as above provided without modification and shall be deemed to have admitted the accuracy of any information supplied by Landlord to a prospective purchaser or mortgagee or deed of trust holder.

25. [INTENTIONALLY OMITTED]

26. NOTICE.

All notices shall be in writing and delivered by hand or sent by registered, express, or certified mail, with return receipt requested or with delivery confirmation requested from the U.S. postal service, or sent by overnight or same day courier service at the party's respective Notice Address(es) set forth in the Basic Lease Information. Each notice shall be deemed to have been received on the earlier to occur of actual delivery or the date on which delivery is refused, or, if Tenant has vacated the Premises or any other Notice Address of Tenant without providing a new Notice Address, 3 days after notice is deposited in the U.S. mail or with a courier service in the manner described above. Either party may, at any time, change its Notice

Address (other than to a post office box address) by giving the other party written notice of the new address.

27. LABOR PROVISIONS.

27.1 Equal Opportunity. During the Term of this Lease, and with respect only to employment or employees at the Premises, Tenant agrees as follows:

(a) Tenant will not discriminate against any employee of Tenant or applicant for employment because of race, color, religion, sex or national origin. The employees of Tenant shall be treated during employment, without regard to their race, color, religion, sex, or national origin. Such action shall include, but not be limited to, the following: employment, upgrading demotion, or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation, selection for training, including apprenticeship. Tenant agrees to post in conspicuous places, notices to be provided by the applicable government agencies, setting forth the provisions of this nondiscrimination provision.

(b) Tenant will, in all solicitations or advertisements for employees placed by or on behalf of Tenant, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex, or national origin.

(c) Tenant will send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Landlord, advising the labor union or worker's representative of Tenant's commitments under this Equal Opportunity Clause and shall post copies of notice in conspicuous places available to employee and applications for employment.

27.2 Convict Labor. In connection with the performance of work required by this Lease, Tenant agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

28. MISCELLANEOUS.

28.1 Governing Law. This Lease shall be interpreted and enforced in accordance with the Laws of the State of California and Landlord and Tenant hereby irrevocably consent to the jurisdiction and proper venue of such state.

28.2 Severability. If any section, term or provision of this Lease is held invalid by a court of competent jurisdiction, all other sections, terms or severable provisions of this Lease shall not be effected thereby, but shall remain in full force and effect.

28.3 Attorneys' Fees. In the event of an action, suit, arbitration or proceeding brought by Landlord or Tenant to enforce any of the other's covenants and agreements in this Lease, the prevailing party shall be entitled to recover from the non-prevailing party any costs, expenses (including out of pocket costs and expenses) and reasonable attorneys' fees incurred in connection with such action, suit or proceeding. Without limiting the generality of the foregoing, if Landlord utilizes the services of an attorney for the purpose of collecting any Rent due and unpaid by Tenant or in connection with any other breach of this Lease by Tenant

following a written demand by Landlord pursuant to Section 18.1 above to pay such amount or cure such breach and Tenant is in Default with respect to such payment or such breach, Tenant agrees to pay Landlord reasonable actual attorneys' fees for such services, irrespective of whether any legal action may be commence or filed by Landlord.

28.4 Force Majeure. Whenever a period of time is prescribed for the taking of an action by Landlord or Tenant (other than the payment of Rent), the period of time for the performance of such action shall be extended by the number of days that the performance is actually delayed due to strikes, acts of God, shortages of labor or materials, war, terrorist acts, pandemics, civil disturbances and other causes beyond the reasonable control of the performing party, or act or failure to act of any public or governmental agency or entity having jurisdiction over the Premises (other than the act of Landlord which shall not excuse performance by Landlord unless such performance is beyond Landlord's control) ("**Force Majeure**").

28.5 Sale. Landlord shall have the right to transfer and assign, in whole or in part, all of its rights and obligations under this Lease. Upon transfer, Landlord shall be released from any further obligations hereunder and Tenant agrees to look solely to the successor in interest of Landlord for the performance of such obligations, provided that any successor pursuant to a voluntary, third party transfer (but not as part of an involuntary transfer resulting from a foreclosure or deed in lieu thereof) shall have assumed Landlord's obligations under this Lease.

28.6 Signs. Tenant shall not place any sign upon the Premises without Landlord's prior written consent, which consent shall not be unreasonably withheld, conditioned or delayed. All signage shall comply with Landlord's signage design criteria, as exist from time to time. In addition, any style, size, materials and attachment method of any such signage shall be subject to Landlord's prior written consent. The installation of any sign on the Premises by or for Tenant shall be subject to the provisions of this Lease. Tenant shall maintain any such signs installed on the Premises.

28.7 Brokers. Landlord and Tenant each represents and warrants to the other that neither it nor its officers or agents nor anyone acting on its behalf has dealt with any real estate broker in the negotiating or making of this Lease. Each party agrees to indemnify and hold harmless the other from any claim or claims, and costs and expenses, including attorneys' fees, incurred by the indemnified party in conjunction with any such claim or claims of any broker or brokers to a commission in connection with this Lease as a result of the actions of the indemnifying party.

28.8 Access by Landlord. In addition to access provided by this Lease, Landlord shall be allowed access to the Premises at all reasonable times throughout the term of this Lease, for any reasonable purpose upon prior written notice to Tenant. Landlord will normally give Tenant a minimum twenty-four (24) hours prior notice of an intention to enter the Premises, unless the entry is reasonably required on an emergency basis for safety, environmental, operations or security purposes. Tenant shall ensure that a telephone roster is maintained at all times for on-call persons representing Tenant who will be available on short notice, twenty-four (24) hours a day, 365 days per year, and have authority to use all keys necessary to gain access to the Premises to facilitate entry in time of emergency. Tenant shall ensure that Landlord has a current roster of such on-call personnel and their phone numbers. Tenant shall not change any

existing locks, or attach any additional locks or similar devices to any door or window, without providing to Landlord one set of keys therefor. All keys must be returned to Landlord at the expiration or termination of this Lease. Tenant shall have no claim against Landlord for exercise of its rights of access hereunder. Portions of the utilities systems serving the Property may be located within the Premises. Tenant agrees to allow Landlord and its utility supplier reasonable access to the Premises for operation, maintenance, repair and replacement of these utilities systems as may be required. In executing operation, maintenance, repair or replacement of these systems, Landlord agrees to take commercially reasonable steps to limit interference with the use of the Premises by Tenant.

28.9 Waiver of Right to Jury Trial. To the extent permitted by applicable Law, Landlord and Tenant waive their respective rights to trial by jury of any contract or tort claim, counterclaim, cross-complaint, or cause of action in any action, proceeding, or hearing brought by either party against the other on any matter arising out of or in any way connected with this Lease, the relationship of Landlord and Tenant, or Tenant's use or occupancy of the Leased Premises, including without limitation any claim of injury or damage or the enforcement of any remedy under any current or future law, statute, regulation, code, or ordinance. Landlord and Tenant agree that this paragraph constitutes a written consent to waiver of trial by jury within the meaning of California Code of Civil Procedure Section 631(f)(2), and Tenant does hereby authorize and empower Landlord to file this paragraph and/or this Lease, as required, with the clerk or judge of any court of competent jurisdiction as a written consent to waiver of jury trial. If the waiver set forth in this Section 27.9 is determined by any court to be invalid because it was executed prior to the commencement of any action, then Landlord and Tenant each covenant and agree to execute and deliver to the other, within five (5) days of a written request by the other, a waiver of the right to trial by jury similar in terms and scope to the waiver set forth in this Section 28.9 at such time following the commencement of such action as such waiver, if then made, would be valid.

28.10 Recordation. Tenant acknowledges that the Premises is a portion of a larger parcel and that recordation of a memorandum of lease in connection with this Lease would affect the title of the entire parcel, therefore Tenant agrees that if Landlord subdivides the entire parcel, then Landlord and Tenant shall execute and Tenant shall record a memorandum of this lease in the Official Records of Alameda County, California, in form and substance reasonably satisfactory to the parties.

28.11 Paragraph Titles. The paragraph titles use herein are not to be consider a substantive part of this Lease, but merely descriptive aids to identified the paragraph to which they referred. Use of the masculine gender includes the feminine and neuter, and vice versa.

28.12 Authority. If Tenant is a corporation, partnership, trust, association or other entity, Tenant and each person executing this Lease on behalf of Tenant does hereby covenant and warrant that (a) Tenant is duly incorporated or otherwise established or formed and validly existing under the laws of its state of incorporation, establishment or formation, (b) Tenant has and is duly qualified to do business in California, (c) Tenant has full corporate, partnership, trust, association or other power and authority to enter into this Lease and to perform all Tenant's obligations hereunder, and (d) each person (and all of the persons if more than one signs) signing this Lease on behalf of Tenant is duly and validly authorized to do so. Upon execution hereof,

Tenant shall provide to Landlord a written certification of its Corporate Secretary, a resolution certified by Tenant's Board Secretary, or other appropriate authorizing officer or partner attesting that at meeting of its Board of Directors or other governing body a resolution has been adopted approving or authorizing execution of this Lease by the Executive Director or other authorized officer of Tenant, thereby binding Tenant to the terms of this Lease and identifying the person(s) authorized to execute this Lease on behalf of Tenant.

28.13 Quiet Possession. Landlord covenants and agrees with Tenant that, upon Tenant's payment of Rent and observing and performing all of the terms, covenants, conditions, provisions and agreements of this Lease on Tenant's part to be observed or performed, Tenant shall have the quiet possession of the Premises throughout the Term.

28.14 Asbestos Notification for Commercial Property Constructed Before 1979. Tenant acknowledges that Landlord has advised Tenant that, because of their age, the preexisting improvements, such as concrete, within the Premises may contain asbestos-containing materials ("ACMs"). If ACMs are likely to be disturbed in the course of Tenant's installation of improvements, Tenant shall encapsulate or remove the ACMs in accordance with an asbestos-removal plan reasonably approved by Landlord and otherwise in accordance with all applicable Hazardous Materials Laws, including giving all notices required by California Health & Safety Code Sections 25915-25919.7.

28.15 Lead Warning Statement. Tenant acknowledges that Landlord has advised Tenant that soils within the Premises may contain lead-based paints ("LBP"). Lead from paint, paint chips and dust can pose health hazards if not managed properly. Tenant may at its sole cost and expense, have a state-certified LBP Inspector complete a LBP inspection and abatement and, if Tenant completes such inspection, shall provide an abatement certification to Landlord. Landlord has no specific knowledge of the presence of LBP in the Premises.

28.16 OFAC Certification. Tenant represents, warrants and covenants that: (a) Tenant and its principals are not acting, and will not act, directly or indirectly, for or on behalf of any person, group, entity, or nation named by any Executive Order or the United States Treasury Department as a terrorist, "**Specially Designated and Blocked Person,**" or other banned or blocked person, entity, nation, or transaction pursuant to any law, order, rule or regulation that is enforced or administered by the Office of Foreign Assets Control; (b) Tenant acknowledges that the breach of this representation, warranty and covenant by Tenant shall be an immediate Default under the Lease.

28.17 Certified Access Specialist Disclosure. In accordance with Civil Code Section 1938, Landlord hereby discloses that the Premises have not undergone inspection by a Certified Access Specialist for purposes of determining whether the property has or does not meet all applicable construction related accessibility standards pursuant to Civil Code Section 55.53.

28.18 Time of the Essence. Time is of the essence of this Lease and each and all of its provisions.

28.19 Entire Agreement. This Lease contains all of the agreements of the parties hereto with respect to any matter covered or mentioned in this Lease, and no prior agreements or

understandings pertaining to any such matter shall be effective for any purpose. No provision of this Lease may be amended or added except by an agreement in writing signed by the parties hereto or their respective successors-in-interest.

28.20 Rules and Regulations. Tenant shall faithfully observe and comply with the non-discriminatory rules and regulations attached hereto as **Exhibit F** and incorporated herein by this reference, as the same may be modified from time to time by Landlord. Any additions or modifications to those rules shall be binding upon Tenant's upon Landlord's delivery of a copy to Tenant.

28.21 Intentionally deleted.

28.22 Relocation Benefits. Tenant acknowledges that upon the expiration or earlier termination of this Lease, Tenant shall, and hereby does, waive any and all claims for relocation benefits, assistances and/or payments under Government Code Sections 7260 et seq., California Code of Regulations Sections 600 et seq., 42 U.S.C. 4601 et seq., 29 C.F.R. Sections 121 et seq. and 49 C.F.R Sections 24.1 et seq. (collectively the "**Relocation Assistance Laws**"). Tenant further acknowledges and agrees that upon the expiration or earlier termination of this Lease for any reason, other than a Taking as hereinabove defined, no claim shall arise, nor shall Tenant assert any claim for loss of business goodwill (as that term is defined at CCP §1263.510) and no compensation for loss of business goodwill shall be paid by Landlord.

28.23 Prevailing Wages. Tenant acknowledges and agrees that Tenant is presently subject to the requirements of California Labor Code section 1720 *et seq.* Accordingly, Tenant shall comply with all applicable prevailing wage policies as set forth in applicable California Labor Code sections pertaining to "public works" (California Labor Code sections 1720 et seq., as amended from time to time and implementing regulations), the Davis-Bacon Act (sec. 1-7, 46 Stat. 1949, as amended; Pub. L. 74-403, 40 U.S.C. 27a-27a-7, as amended from time to time in implementing regulations, and other applicable laws, statutes, rules, regulations or ordinances now or hereinafter in effect addressing the payment of prevailing wages (the "**Prevailing Wage Laws**") in connection with any improvements that constitute "public works." If Landlord is required by applicable Laws to maintain or provide evidence of Tenant's compliance with Prevailing Wage Laws, upon request by Landlord Tenant shall provide to Landlord all necessary documentation evidencing such compliance. Tenant shall defend, indemnify and hold harmless Landlord and all Landlord Related Parties from and against any and all present and future liabilities, obligations, orders, claims, damages, finds, penalties and expenses (including attorney's fees and costs) (collectively, "**Claims**") arising out of or in any way connected with Tenant's obligation to comply with all laws, statutes, rules, regulations or ordinances now or hereinafter in effect with respect to Prevailing Wage Laws, including all Claims that may be made by contractors, subcontractors or other third party claimants pursuant to Labor Code section 1726. Tenant hereby waives, releases and discharges Landlord and all Landlord Related Parties from any and all present and future claims arising out of or in any way connected with Tenant's obligations to comply with Prevailing Wage Laws.

28.24 Counterparts. This Lease may be executed in multiple counterparts, each of which shall be deemed an original, but all of which, together, shall constitute one and the same instrument.

29. RIGHT OF FIRST NEGOTIATION.

Provided Tenant is not in Default hereunder and conditioned on this Lease being in full force and effect, Tenant shall have the right of first negotiation to enter into a new lease with Landlord of the Premises, provided Tenant shall provide to Landlord written notice at least six (6) months prior to the expiration of the initial Term as extended by a Renewal Term(s), that Tenant so desires (the “**Tenant’s Notice**”). Landlord and Tenant shall negotiate in good faith the terms of the new lease for a period not to exceed four (4) months from the date Landlord’s receipt of the Tenant’s Notice (the “**Negotiation Period**”), which Negotiation Period may be extended by mutual written agreement of Landlord and Tenant. If at the end of the Negotiation Period (as such may be extended in accordance with this Section 29), Landlord and Tenant have not agreed upon the terms of a new lease, Tenant’s right of first negotiation shall be terminated.

Landlord and Tenant have executed this Lease as of the day and year first above written.

LANDLORD:

City of Alameda,
a charter city and municipal corporation

By: _____
John A. Russo
City Manager

Date: _____

Approved as to Form

By: _____
Janet Kern
City Attorney

TENANT:

San Francisco Bay Area Water Emergency
Transportation Authority, a California public
entity created pursuant to Government Code
Section 66540 *et seq.*

By: _____
Name: _____
Title: _____

Date: _____

By: _____
Name: _____
Title: _____

Date: _____

EXHIBIT A
PREMISES

EXHIBIT B

COMMENCEMENT LETTER

Date: _____

Re: Lease dated as of _____, ____, by and between _____, as Landlord, and _____, a(n) _____ as Tenant, for _____ Premises located at _____.

Dear _____:

In accordance with the terms and conditions of the above referenced Lease, Tenant accepts possession of the Premises and agrees:

1. The Commencement Date of the Lease is _____;
2. The Expiration Date of the Lease is _____.

Please acknowledge your acceptance of possession and agreement to the terms set forth above by signing all 3 counterparts of this Commencement Letter in the space provided and returning 2 fully executed counterparts to my attention.

Sincerely	Agreed and Accepted:
_____ Property Manager	Tenant: _____ By: _____ Name: _____ Title: _____ Address: _____

[Exhibit Do not sign]

EXHIBIT C
RENEWAL NOTICE

Date: _____

Re: Lease dated as of _____, 2015, by and between City of Alameda, as Landlord, and
_____, a _____, as Tenant.

Dear _____:

In accordance with Section 3.4 (a) of the above referenced Lease, by this notice Tenant hereby irrevocably exercises its Renewal Option for the Renewal Term, at the Renewal Rate and upon the terms and conditions specified in Section 3.4.

Sincerely:

[Name of Tenant]

By: _____

Its: _____

[Exhibit Do not sign]

EXHIBIT D

ACKNOWLEDGMENT OF RECEIPT

Pursuant to that certain Lease Agreement entered into by and between City of Alameda, a charter city and municipal corporation (“Landlord”) and _____, a _____ (“Tenant”) dated as of _____, 2015 (“Lease”) Tenant hereby acknowledges that Landlord has provided it with copies of the following documents:

- Quitclaim Deed from the United States of America, acting by and through the Department of the Navy to the City of Alameda, dated June 4, 2013, recorded June 6, 2013 as Series No. 2013-199806 of Official Records in the Office of the County Recorder, Alameda County, California (“Quitclaim Deed”);
- Declaration of Restrictions (Former Naval Air Station Alameda) dated June 4, 2013, recorded June 6, 2013 as Series No. 2013-199782 in the Office of the County Recorder of Alameda County (“Declaration of Restrictions”).

Pursuant to Section 6.3 of the Lease, Tenant acknowledges receipt of the above referenced documents and agrees that its use of the Premises (as defined in the Lease) shall comply with the restrictions set forth in said documents and failure to do so shall constitute a Default under the Lease.

_____,
a _____

By: _____
Name: _____
Title: _____
Date: _____

EXHIBIT E

ENVIRONMENTAL QUESTIONNAIRE

The purpose of this form is to obtain information regarding the use, if any, of hazardous substances in the process proposed on the premises to be leased. Any such use must be approved in writing by Landlord. Prospective tenants should answer the questions in light of their proposed operations on the premises. Existing tenants should answer the questions as they relate to ongoing operations on the premises and should update any information previously submitted. If additional space is needed to answer the questions, you may attach separate sheets of paper to this form.

Your cooperation in this matter is appreciated. Any questions should be directed to, and when completed, the form should be mailed to:

PM Realty Group L.P.
Attn: Property Manager
101 West Atlantic Avenue
Alameda, California 94501
(510) 749-0304; (510) 749-1095 fax

1. General Information.

Name of Responding Company: _____

Check the Applicable Status: _____

Prospective Tenant Existing Tenant

Mailing Address: _____

Contact Person and Title: _____

Telephone Number: (____) _____

Alameda Point Address of Proposed Premises to be Leased: _____

Length of Lease Term: _____

Your Standard Industrial Classification (SIC) Code Number: _____

Describe the proposed operations to take place on the property, including principal products manufactured, services and a brief process flow description to be conducted. Existing tenants should describe any proposed changes to ongoing operations.

2. Use and/or Storage of Hazardous Materials.

2.1 Will any hazardous materials be used or stored onsite?

Hazardous Wastes Yes No
Hazardous Chemical Products Yes No

2.2 Attach the list of any hazardous materials/wastes to be used, stored, or generated the quantities that will be onsite at any given time, and the location and method of storage (e.g., 55-gallon drums on concrete pad).

2.3 Does your company handle hazardous materials in a quantity equal to or exceeding an aggregate of 500 pounds, 55 gallons, or 200 cubic feet?

Yes No

If yes please provide Material Safety Data Sheets (MSDS) on such materials.

2.4 Has your business filed for a Consolidated Hazardous Materials Permit from the Alameda County Environmental Management Department?

Yes No

If so, attach a copy of the permit application.

2.5 Are any of the chemicals used in your operations regulated under Proposition 65?

Yes No

If so, describe the actions taken, or proposed to be taken, to comply with Proposition 65 requirements. _____

2.6 Do you store or use or intend to store or use acutely hazardous materials above threshold quantities requiring you to prepare a risk management plan (RMP)?

Yes No

2.7 Describe the procedures followed to comply with OSHA Hazard Communication Standard requirements. _____

3. Storage Tanks and Pumps.

3.1 Are any above or below ground storage of gasoline, diesel, or other hazardous substances in tanks or pumps being used as a part of your present process or proposed for use on this leased premises?

Yes No

If yes, describe the materials to be stored, and the type, size and construction of the pump or tank. Attach copies of any permits obtained for the storage of such substances. _____

3.2 If you have an above ground storage tank (AST), do you have a spill prevention containment and countermeasures (SPCC) plan?

Yes No Not Applicable

3.3 Have any tanks, pumps or piping at you existing facilities been inspected or tested for leakage?

Yes No Not Applicable

If so, attach the results.

3.4 Have any spills or leaks occurred from such tanks, pumps or piping?

Yes No Not Applicable

If so, describe. _____

3.5 Were any regulatory agencies notified of any spills or leaks?

Yes No Not Applicable

If so, attach copies of any spill reports filed, any clearance letters or other correspondence from regulatory agencies relating to the spill or leak.

3.6 Have any underground storage tanks, sumps or piping been taken out of service or removed at the proposed facility or facilities that you operate?

Yes No Not Applicable

If yes, attach copies of any closure permits and clearance obtained from regulatory agencies relating to closure and removal of such tanks.

4. Spills.

4.1 During the past year, have any spills occurred on any site you occupy?

Yes No Not Applicable

If so, please describe the spill and attach the results of any process conducted to determine the extent of such spills.

4.2 Were any agencies notified in connection with such spills?

Yes No Not Applicable

If no, attach copies of any spill reports or other correspondence with regulatory agencies.

4.3 Were any clean-up actions undertaken in connection with the spills?

Yes No Not Applicable

If so, briefly describe the actions taken. Attach copies of any clearance letters obtained from any regulatory agencies involved and the results of any final soil or

groundwater sampling done upon completion of the clean-up work _____

5. Waste Management.

5.1 Has your business filed a Hazardous Material Plan with the Alameda County Environmental Management Department?

Yes No

5.2 Has your company been issued an EPA Hazardous Waste Generator I.D. Number?

Yes No

If yes: EPA ID# _____

5.3 Has your company filed a biennial report as a hazardous waste generator?

Yes No

If so, attach a copy of the most recent report filed.

5.4 Are hazardous wastes stored in secondary containments?

Yes No

5.5 Do you utilize subcontractors for lighting/electrical, plumbing, HVAC, pest services, landscaping and/or building maintenance services?

Yes No

If yes, do any of these subcontractors store, mix or utilize chemicals on site?

Yes No

If yes, what types and quantities? _____

Attach the list of the hazardous waste, if any, generated or to be generated at the premises, its hazard class and the quantity generated on a monthly basis.

Describe the method(s) of disposal for each waste. Indicate where and how often disposal will take place. _____

Indicate the name of the person(s) responsible for maintaining copies of hazardous waste manifests completed for offsite shipments of hazardous waste. _____

Is any treatment, processing and recycling of hazardous wastes currently conducted or proposed to be conducted at the premises:

Yes No

If yes, please describe any existing or proposed treatment, processing or recycling methods. _____

Attach copies of any hazardous waste permits or licenses issued to your company with respect to its operations on the premises.

6. Wastewater Treatment/Discharge.

6.1 Will your proposed operation require the discharge of wastewater to (answer Yes or No to each of the following)?

_____ storm drain _____ sewer
_____ surface water _____ no industrial discharge

6.2 Does your business have a Sewer Use Questionnaire on file with Alameda County Sanitation District?

Yes No

6.3 Is your wastewater treated before discharge?

Yes No Not Applicable

If yes, describe the type of treatment conducted.

6.4 Does your business conduct operations outside the building or store materials outside?

Yes No Not Applicable

6.5 Do you have a Storm Water Pollution Prevention Plan (SWPPP)?

Yes No Not Applicable

6.6 Does your business have a General Permit for storm water discharge associated with industrial activity?

Yes No Not Applicable

6.7 Does your business operate under a National Pollution Discharge Elimination System (NPDES) Permit?

Yes No Not Applicable

Attach copies of any wastewater discharge permits issued to your company with respect to its operations on the premises.

7. Air Discharges.¹

7.1 Do you have or intend to have any air filtration systems or stacks that discharge into the air?

Yes No

7.2 Do you operate or plan to operate any of the following types of equipment, or any other equipment requiring an air emissions permit (answer Yes or No to each of the following)?

Spray booth	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Dip tank	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Drying oven	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Incinerator	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Other (please describe)	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Boiler	Yes <input type="checkbox"/>	No <input type="checkbox"/>
I/C Engine	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Emergency Backup Generator	Yes <input type="checkbox"/>	No <input type="checkbox"/>
Processes that apply coatings, inks, adhesives or use solvents	Yes <input type="checkbox"/>	No <input type="checkbox"/>

7.3 Do you emit or plan to emit any toxic air contaminants?

Yes No

7.4 Are air emissions from your operations monitored?

Yes No

If so, indicate the frequency of monitoring and a description of the monitoring results. _____

Attach copies of any air emissions permits pertaining to your operations on the premises.

8. Enforcement Actions, Complaints.

8.1 Has your company, within the past five years, ever been subject to any agency enforcement actions, administrative orders, or consent decrees?

Yes No

If so, describe the actions and any continuing compliance obligations imposed as a result of these actions. _____

¹ NOTE: Businesses will have to comply with prohibitory rules regardless of whether they have or need a permit.

8.2 Has your company ever received requests for information, notice or demand letters, or any other inquiries regarding its operations?

Yes No

8.3 Have there ever been, or are there now pending, any lawsuits against the company regarding any environmental or health and safety concerns?

Yes No

8.4 Has any environmental audit ever been conducted at your company's current facility?

Yes No

If so, discuss the results of the audit. _____

8.5 Have there been any problems or complaints from neighbors at the company's current facility?

Yes No

Please describe: _____

The undersigned hereby certifies that all of the information contained in this questionnaire is accurate and correct.

_____ a _____

By: _____

Title: _____

Date: _____

EXHIBIT F

RULES AND REGULATIONS

Any terms not otherwise defined herein shall have the meanings ascribed to them in the Lease (as amended from time to time) to which these Rules and Regulations are attached as **Exhibit F**.

Tenant shall faithfully observe and comply with the following Rules and Regulations. Landlord shall not be responsible to Tenant for the non-performance of any of such Rules and Regulations by or otherwise with respect to the acts or omissions of any other occupants of the Premises. In the event of any conflicts between the Rules and Regulations and other provisions of this Lease, the latter shall control.

1. Landlord shall have the right to control and operate the public facilities within the Premises in such manner as it deems best for the benefit of the users of such public facilities generally.

2. No advertisements, pictures or signs of any sort shall be displayed on or on the Premises without the prior written consent of Landlord pursuant to the City signage program for Alameda Point. This prohibition shall include any portable signs or vehicles placed within the Premises or on streets adjacent thereto for the purpose of advertising or display. Landlord shall have the right to remove any such unapproved item without notice and at Tenant's Expense.

3. Storage of forklift propane tanks, whether interior or exterior, shall be in secured and protected storage and enclosure approved by the local fire department and, if exterior, shall be located in areas specifically designated by Landlord. Tenant shall protect electrical panels and building mechanical equipment from damage from forklift trucks.

4. Machinery, equipment and apparatus belonging to Tenant which causes noise or vibration that may be transmitted to such a degree as to be objectionable beyond the Premises or to Landlord shall be placed and maintained by Tenant, at Tenant's expense, on vibration eliminators or other devices sufficient to eliminate the transmission of such noise and vibration. Tenant shall cease using any such machinery which causes objectionable noise and vibration which cannot be sufficiently mitigated.

5. All goods, including materials used to store goods, delivered to the Premises shall be immediately moved within the confines the Premises.

6. Tractor trailers which must be unhooked or parked with dolly wheels beyond the concrete loading areas must use steel plates or wood blocks of sufficient size to prevent damage to any asphalt paving surfaces. No parking or storage of such trailers will be permitted on the Premises or on streets adjacent thereto.

7. Tenant is responsible for the safe storage and removal of all pallets within the confines of the Premises.

8. No displays or sales of merchandise shall be allowed on the Premises.

9. Tenant is responsible for the storage and removal of all trash and refuse. All such trash and refuse shall be contained in suitable receptacles stored within the confines of the Premises.

10. [Intentionally omitted.]

11. If Tenant shall so use the Premises such that noxious or objectionable fumes, vapors and/or odors are created that are detectable beyond the Premises, then Tenant shall provide proper ventilation equipment for the discharge of such fumes, vapors and odors so that they shall not be discharged into other vents or flues of any other building or annoy any of the other tenants of adjacent property. The design, location and installation of such equipment shall be subject to the Landlord's approval, which shall not be unreasonably withheld, conditioned or delayed.

12. [Intentionally omitted.]

13. [Intentionally omitted.]

14. [Intentionally omitted.]

15. [Intentionally omitted.]

16. Tenant shall not permit any animals, including, but not limited to, household pets (but excluding service animals, which are permitted), to be brought or kept in or about the Premises.

17. Tenant hereby acknowledges that Landlord shall have no obligation to provide guard service or other security measures for the benefit of the Premises. Tenant hereby assumes all responsibility for the protection of Tenant and its agents, employees, contractors, invitees and guests, and the property thereof, from acts of third parties, including keeping gates locked and other means of entry to the Premises closed.

18. No auction, liquidation, fire sale, going out of business or bankruptcy sale shall be conducted in or about the Premises without the prior written consent of Landlord, which shall not be unreasonably withheld, conditioned or delayed.

19. No tenant shall use or permit the use of any portion of the Premises for living quarters, sleeping apartments or lodging rooms.

20. Tenant, Tenant's agents, servants, employees, contractors, licensees, or visitors shall not park any vehicles in or areas posted as no parking.

21. If the Premises is or becomes infested with vermin as a result of the use or any misuse or neglect of the Premises by Tenant, its agents, employees, contractors, visitors or licensees, Tenant shall forthwith, at Tenant's expenses, cause the same to be exterminated from time to time to the satisfaction of Landlord and shall employ such licensed exterminators as shall be approved in writing in advance by Landlord.

22. [Intentionally omitted.]

23. No smoking shall be permitted in or around the Premises.

24. [Intentionally omitted.]

25. Landlord reserves the right at any time to change or rescind any one or more of these Rules and Regulations, or to make such other and further reasonable Rules and Regulations as in Landlord's judgment may from time to time be necessary for protecting Landlord's interest in the Premises, and for the preservation of good order therein, as well as for the convenience of other occupants and tenants thereof. Tenant shall be deemed to have read these Rules and Regulations and to have agreed to abide by them as a condition to its occupancy of the Premises.

EXHIBIT G

SCHEDULE OF PERFORMANCE

May 2015 – WETA initiates permitting process

June 2015 – Construction start

July 2015 – Construction complete; facility available for use

MEMORANDUM

TO: Board Members

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

SUBJECT: Adopt WETA System Expansion Policy

Recommendation

Adopt the WETA System Expansion Policy and related evaluation measures.

Background

Recent planning activities have highlighted the need to establish a Board-level set of policies and standards that define WETA expectations for future expansion projects. These activities include the Contra Costa Transportation Authority's Ferry Terminal Financial Feasibility Study and project agreements for the Richmond Ferry service and the Downtown San Francisco Terminal expansion. The policy is intended to be used as a tool for WETA partners, providing a comprehensive definition of WETA service requirements.

The System Expansion Policy establishes target levels of performance based on existing WETA service. Minimum levels of performance would need to be achieved within ten year, allowing services to build a ridership market and for transit-supportive land use changes to occur.

The System Expansion Policy will be a supporting document in the future WETA Strategic Plan as well as future Short Range Transit Plans.

Discussion

The proposed policy is organized into two components:

1. ***Policy Statements.*** *These are definitions that establish guidelines for minimum WETA ferry service. The policy statements are intended to be used by project partners and WETA staff in early planning and feasibility stages as new projects are developed.*
2. ***Service Metrics.*** *These are a set of quantitative metrics that establish minimum, target and maximum levels in areas that measure productivity and fiscal sustainability. Expansion projects must reach minimum levels within 10 years of operation.*

Fiscal Impact

There is no fiscal impact associated with this policy item.

END

WETA System Expansion Policy

The proposed WETA expansion policy is intended to provide a framework for evaluating the feasibility of new ferry projects. The framework consists of policy statements that provide guidance for developing candidate project elements such as landside and waterside facilities, vessels and service plans. In addition, a set of evaluation measures defines a range of productivity and efficiency metrics that inform the WETA Board and funding partners regarding a project's financial feasibility and sustainability.

There is no pre-determined level of evaluation that determines whether a project is feasible. There are many factors that contribute to whether a project is developed and becomes part of the WETA system. Instead, the System Expansion Policy provides policy makers with an agreed-upon framework, bringing objective measures and predictability to the project development process.

I. System Expansion Policy Statements

System Expansion Overview	WETA will expand ferry service throughout San Francisco Bay, working with local and regional partners to increase ferry ridership and relieve traffic congestion and transit crowding. New ferry services will be financially sustainable, contribute to the ferry system and enhance WETA's emergency response capabilities.
Minimum Service Period	New services will need to be in service for a minimum of 10 years to allow adequate time to build a ridership base. Services will be evaluated after a 10-year initial period to determine their continued operation.
New Service Project Evaluation	The WETA System Expansion Policy establishes a range of evaluation measures that help the WETA Board determine whether a candidate project will be successful and meet WETA's strategic goals. The new service evaluation is typically performed prior to entering environmental clearance, during the feasibility study phase of a project.
New Service Ongoing Evaluation	Once in operation, new ferry services will be evaluated on regular quarterly and yearly intervals to ensure performance is meeting expectations. Adjustments to the service plan, fare program or access conditions may be warranted.
Service Design	New ferry services typically begin as origin terminals offering commute-period service to San Francisco's Ferry Building. However, they can act as a destination terminal or offer non-commute period service, depending on local transportation goals and funding availability. WETA will work with project partners to develop a concept service design that meets travelling needs while offering a competitive, sustainable service. For commute-only origin terminals, a minimum level of service would be defined as three peak-direction trips in both the AM and PM commute periods.

WETA System Integration	New projects will enhance the WETA ferry system by adding terminals and vessels while attracting new riders to ferry service. Required system elements such as capacity at maintenance facilities and destination terminals or spare vessels will be estimated and incorporated into a project’s capital cost.
Emergency Response	New projects will enhance WETA’s emergency response capabilities by providing terminals and vessels for use in the response and recovery phases after a natural event. The benefits of interoperable ferry assets such as vessels, floats and terminals mean that new projects must be compatible with WETA facilities. The deployment of WETA vessels and use of ferry terminals will be a decision of state and regional authorities and not necessarily WETA or its local partner.
Vessels, Infrastructure	WETA owns and operates a network of ferry vessels along with landside and waterside facilities that are economically and operationally efficient because they are interchangeable. Therefore, candidate WETA projects must be consistent with this established infrastructure. New projects will utilize WETA catamaran-style vessels powered by marine diesel engines and ranging in capacity from 149 to over 500 passengers. Infrastructure such as maintenance facilities and terminals will be consistent with existing WETA facilities. Alternative vessel technologies or non-compliant terminals will not be considered as WETA facilities.
Public-private partnership opportunities	Ferry terminals and vessels are complex and expensive investments that require a variety of funding sources. Operational expenses can also be significant and require long-term dedicated funding streams. WETA encourages partnerships with public or private entities interested in ferry service as a means of financing both capital and operational needs.
Capital Funding	Ferry project capital funding can come through a variety of local, regional, state and federal sources and even private contributions. Candidate expansion projects must demonstrate that there is full capital funding prior to entering the Final Design phase of a project.
Operating Subsidy	The operating subsidy is defined as the portion of the operating expense not covered by fare revenue. New ferry projects must demonstrate that there is a stable, dedicated source for an operating subsidy for a minimum period of ten years.
Terminal Access	WETA supports the use of alternative modes such as walking, biking and transit as a means of accessing origin ferry terminals. At the same time, minimum parking levels are required to ensure a service will be well utilized and accessible to all users. The ideal access environment provides customers with a choice of safe, convenient and attractive access options.

Project Agreement	A Project Agreement will be required for candidate projects prior to entering into the environmental clearance phase of a project. The Project Agreement establishes a project service plan, identifies likely funding sources and defines partner roles and responsibilities. Both the WETA Board and the policy body from the project partner must adopt the Project Agreement.

II. System Expansion Evaluation Measures

The following measures are intended to evaluate the competitiveness and financial feasibility of candidate WETA ferry projects. The measures are expressed in three ways: minimum, target and maximum (as applicable). Minimum levels are what will be required after the initial 10 years of operation. Target levels are consistent with expected performance of mature services such as Alameda/Oakland, Vallejo and Harbor Bay.

Passengers per Revenue Hour (Commute-only service)

Passengers per revenue hour measures the number of boardings in a given hour of service. Services that have high two-way ridership along with a short travel time, enabling vessels to offer multiple runs in a given commute period will be strong performers. This measure provides an evaluation of ridership and the efficiency of operating resources.		
Minimum	Target	Maximum
100	150	250

Passengers per Revenue Hour (All-day service)

All-day services typically operate seven days per week and generally from 6 AM up to 8 PM. Today, only Alameda-Oakland and Vallejo are all day services. The target for Passengers per Revenue Hour is slightly lower, given lower volumes in the midday and off-peak periods.		
Minimum	Target	Maximum
100	125	250

Farebox Recovery

Farebox recovery is defined as the portion of operating expenses covered by fare revenues. Farebox recovery measures ridership, operating expense and financial sustainability.		
Minimum	Target	Maximum
40%	50% – 70%	100%

Peak Hour Occupancy

Peak hour occupancy – defined as the combined peak direction occupancy level during the highest ridership hour of a commute service – indicates ridership demand and provides guidance for vessel deployment and service planning. High levels of peak hour occupancy indicate the possibility of leave-behinds or standees and would require corrective action.

Minimum	Target	Maximum
50%	60% -- 75%	80%

MEMORANDUM

TO: Board Members

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

SUBJECT: Adopt WETA System Performance Targets Policy

Recommendation

Adopt the WETA System Performance Targets Policy and associated evaluation measures.

Background

Recent ridership growth and upcoming planning and service scheduling activities will benefit from an established Board-level set of policies and standards that define WETA service and measures of productivity. As ridership continues to grow and WETA services experience crowding and capacity issues, adjustments or modifications to existing services will occur on a regular basis. The policy is intended to be used as a tool for WETA staff and a consistent set of reporting standards for the WETA Board, WETA partners and riders to gain a better understanding of WETA service performance.

The System Performance Targets Policy establishes minimum, target and maximum levels of performance. It introduces the idea of triggers that will justify new or enhanced service for routes that are experiencing an excess of demand. While service enhancements such as increased frequency or larger vessels will be popular with riders, they will also reduce the productivity of a service for a period of time as the service attracts new riders. Therefore, after an enhancement in service, the policy suggests a four year period to allow that service to return to minimum or target levels of productivity. The proposed policy also establishes minimum levels of performance to not only provide a goal for expansion projects but also a threshold of fiscal sustainability for existing services.

The System Performance Targets policy will be a supporting document in the future WETA Strategic Plan and Short Range Transit Plans. It will also be the basis for semi-annual reports to the Board.

Discussion

The proposed policy is organized into three components:

1. ***Policy Statements.*** *These are definitions that establish guidelines for minimum WETA ferry service. The policy statements are intended to be as a reference point for minimum service levels.*
2. ***Service Performance Targets.*** *These are a set of quantitative metrics that establish minimum, target and maximum levels in areas that measure productivity and fiscal sustainability. Expansion projects must reach minimum levels within 10 years of operation. Existing services that fall below the minimum or exceed the maximum will be the subject of corrective action and re-evaluation.*

Fiscal Impact

There is no fiscal impact associated with this policy item.

END

WETA System Performance Targets Policy

The proposed WETA performance targets policy is intended to provide a framework for evaluating existing ferry services. The framework consists of policy statements that define minimum elements such as landside and waterside facilities, vessels and service plans. A set of performance targets defines a range of productivity and efficiency metrics that inform the WETA Board of a service’s quality and fiscal sustainability.

I. WETA Service Policy Statements

Ferry System Overview	WETA provides ferry service throughout San Francisco Bay, working with local and regional partners to increase ferry ridership and relieve traffic congestion and transit crowding. Ferry services will be financially sustainable, contribute to the ferry system and enhance WETA’s emergency response capabilities.
Service Ongoing Evaluation	Ferry services will be evaluated on regular quarterly and yearly intervals to ensure performance is meeting expectations. Depending on performance, adjustments to the service plan, fare program or access conditions may be warranted.
Service Design	New ferry services typically begin as origin terminals offering commute-period service to San Francisco’s Ferry Building. However, they can act as a destination terminal or offer non-commute period service, depending on local transportation goals and funding availability. WETA will work with project partners to develop a concept service design that meets travelling needs while offering a competitive, sustainable service. For commute-only origin terminals, a minimum level of service would be defined as three peak-direction trips in both the AM and PM commute periods.
Emergency Response	WETA services provide contribute to WETA’s emergency response capabilities by providing terminals and vessels for use in the response and recovery phases after a natural event. The benefits of interoperable ferry assets such as vessels, floats and terminals mean that new projects must be compatible with WETA facilities. The deployment of WETA vessels and use of ferry terminals will be a decision of state and regional authorities and not necessarily WETA or its local partner.
Vessels, Infrastructure	WETA owns and operates a network of ferry vessels along with landside and waterside facilities that are economically and operationally efficient because they are interchangeable. WETA utilizes catamaran-style vessels powered by marine diesel engines and ranging in capacity from 149 to over 500 passengers.

II. System Performance Evaluation Measures

The following measures are intended to evaluate the competitiveness and fiscal sustainability of WETA ferry services. The measures are expressed in three ways: minimum, target and maximum (as applicable). Minimum levels are what will be required after the initial 10 years of operation. Target levels are consistent with expected performance of mature services such as Alameda/Oakland, Vallejo and Harbor Bay. When a project achieves maximum levels indicate that a service enhancement or increase may be justified. After a service enhancement has been introduced, there will be a four year recovery period, allowing the service to regain minimum and target levels of productivity.

Passengers per Revenue Hour (Commute-only service)

<p>Passengers per revenue hour measures the number of boardings in a given hour of service. Services that have high two-way ridership along with a short travel time, enabling vessels to offer multiple runs in a given commute period will be strong performers. This measure provides an evaluation of ridership and the efficiency of operating resources.</p>		
Minimum	Target	Maximum
100	150	250

Passengers per Revenue Hour (All-day service)

<p>All-day services typically operate seven days per week and generally from 6 AM up to 8 PM. Today, only Alameda-Oakland and Vallejo are all day services. The target for Passengers per Revenue Hour is slightly lower, given lower volumes in the midday and off-peak periods.</p>		
Minimum	Target	Maximum
100	125	250

Farebox Recovery

<p>Farebox recovery is defined as the portion of operating expenses covered by fare revenues. Farebox recovery measures ridership, operating expense and financial sustainability.</p>		
Minimum	Target	Maximum
40%	50% – 70%	100%

Peak Hour Occupancy

Peak hour occupancy – defined as the combined peak direction occupancy level during the highest ridership hour of a commute service – indicates ridership demand and provides guidance for vessel deployment and service planning. High levels of peak hour occupancy indicate the possibility of leave-behinds or standees and would require corrective action.

Minimum	Target	Maximum
50%	60% -- 75%	80%

MEMORANDUM

TO: Board Members

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

SUBJECT: Adopt WETA Terminal Access Policy

Recommendation

Adopt the WETA Terminal Access Policy and associated evaluation measures.

Background

Recent planning activities have highlighted the need to establish a Board-level set of policies and standards that define WETA terminal access needs and expectations, not only for future expansion projects but existing terminals. These activities include the Alameda Terminal Access Study and project planning activities for the Richmond Ferry Terminal and the Downtown San Francisco Terminal expansion. The policy is intended to be used as a tool for WETA partners, providing guidance for enhancing access opportunities and building ferry ridership.

WETA partners include not just stakeholders interested in expansion but cities and agencies that have a vested interest in attracting travelers to WETA's existing services. The policy suggests target levels of access for all modes: parking, bicycle facilities, pedestrian network and feeder transit.

The Terminal Access Policy will be a supporting document in the future WETA Strategic Plan and other planning activities.

Discussion

The proposed policy includes statements and both quantitative and qualitative measures of terminal access conditions in the immediate vicinity of the ferry terminal. The terminal access guidelines can be applied to new projects or existing terminals. Access guidelines are intended to encourage municipalities to develop transit-supportive infrastructure for bikes, pedestrians and bus/shuttle modes.

Fiscal Impact

There is no fiscal impact associated with this policy item.

END

Terminal Access Guidelines and Evaluation Measures

The following measures help WETA and its local partners to enhance access to ferry terminals, increasing ferry ridership by improving the “first mile” of a traveler’s journey. There is no magic formula for perfect terminal access. Each community defines the surrounding environment around a ferry terminal through land use and public infrastructure policies. To the greatest extent possible, WETA emphasizes non-motorized forms of access such as transit, walking and biking as the most environmentally efficient means of access ferry terminals. However, parking is necessary to create a sustainable base of ridership for any service.

Terminal Access, Non-motorized Access Targets

Easy and convenient access to ferry terminals can be the key factor for building ridership and attracting people to ferry services. Inadequate parking, bicycle lanes or transit service limits potential customers. Customer access is measured in a number of ways and there is no predetermined formula for success. Local policy may emphasize one mode of access over another (transit over parking) or choose to find a balance between all modes.

The following targets are for non-motorized mode of access at a ferry terminal. In other words, the percentage of passengers that arrive by walking, biking or transit

Minimum	Target
30%	50%

Terminal Access -- Parking

Adequate parking, especially for terminals that are isolated from residential areas and do not have transit service, is necessary for customer convenience.

Minimum	Target
200 spaces	350 spaces

Terminal Access – Bicycle Facilities

<p>Bike lanes and facilities surrounding ferry terminals and providing linkages to residential areas should be safe and attractive to provide an incentive for experienced and inexperienced cyclists. Class II bike lanes are painted lanes, usually 6-8 feet wide. Class I bike facilities can be removed from street traffic and buffered by barriers for safety and comfort.</p>	
Minimum	Target
Class II bike lanes	Class I bike facilities

<p>Bike parking at terminals must be user-friendly, safe and offer a variety of types ranging from racks to lockers. Space at terminals should be adequate for expansion to meet bike parking demand.</p>	
Minimum	Target
50 rack spaces	100 rack spaces, 12 lockers

Terminal Access – Transit Feeder Service

<p>Transit services in the form of standard public bus or private shuttle that is timed to meet ferry departures and arrivals will attract ferry riders and reduce the need to construct parking.</p>	
Minimum	Target
Local bus service, hourly headways	Local bus and shuttle service timed to meet ferry arrivals and departures

Terminal Access – Pedestrian Environment

<p>All ferry passengers are pedestrians at some point in their journey to the terminal. Pedestrian facilities include sidewalks, crosswalks and pedestrian lighting. Pedestrians need to feel safe and comfortable on their journey to the terminal</p>	
Minimum	Target
Facilities that ensure safety	Attractive facilities, encouraging walking

Terminal Access – Land Use

Land use and urban design that encourages walking, biking and transit usage is the best environment for improving ferry ridership. When prospective riders can walk in a safe and attractive environment, there is less need for expensive improvements such as parking structures or bus service. Targets for origin terminals are expressed in dwelling units per acre and refer to the half-mile vicinity around a terminal. Density levels of at least 30 dwelling units per acre have been proven to foster transit ridership.

Minimum	Target
20 dwelling units/acre	45 dwelling units/acre