

Members of the Board

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

BOARD OF DIRECTORS' MEETING
Thursday, December 10, 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 – November 5, 2015
 - b. Authorize Release of a Request for Proposals for Insurance and Brokerage Services
 - c. Authorize Release of a Request for Proposals for Construction Management Services for the Richmond Ferry Terminal Project
7. ACCEPT THE INDEPENDENT AUDITOR'S ANNUAL FINANCIAL REPORTS FOR THE FISCAL YEAR 2014/15 **Action**
8. APPROVE AMENDMENT TO AGREEMENT WITH NEMATODE MEDIA, LLC, FOR INCREASED SAN FRANCISCO BAY FERRY ADVERTISING AND TICKET SALES CUSTOMER SERVICE AT THE FERRY BUILDING BAY CROSSINGS STORE **Action**
9. APPROVE CONTRACT AWARD TO FAST FERRY MANAGEMENT, INC. FOR VESSEL CONSTRUCTION MANAGEMENT SERVICES **Action**
10. STATUS REPORT ON EFFORTS TO UPDATE EMERGENCY RESPONSE PLANS **Action**
11. CLOSED SESSION **Action**

There are no planned agenda items for a Closed Session for the current meeting. **To Be Determined**

In the event of any urgent matter requiring immediate action which has come to the attention of the WETA after the agenda has been issued and which is an

Water Emergency Transportation Authority
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item appropriately addressed in Closed Session, the WETA may discuss and vote whether to conduct a Closed Session under Brown Act (California Government Code Sections 54954.2(b)(2) and 54954.5).

If the WETA enters into Closed Session under such circumstances, the WETA will determine whether to disclose action taken or discussions held in Closed Session under the Brown Act (California Government Code Section 54957.1).

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

ADJOURNMENT

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

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

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

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

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

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

Under California Government Code Section 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.

M E M O R A N D U M

TO: WETA Board Members
FROM: Nina Rannells, Executive Director
DATE: December 10, 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.

Design and engineering work is underway, main engines for both vessels have been ordered. The first aluminum orders for construction were delivered in late August. Vessel construction began in early September with engine room hull modules beginning assembly. Vessel design and construction work continues. Final acceptance dates are scheduled for December 2016 for the first vessel and April 2017 for the second vessel.

***Intintoli* Major Component and Waterjet Rehabilitation Project**

This refit is planned for February/March 2016. During the replacement of the major propulsion train subcomponents work, other minor upgrades to the passenger cabins and minor vessel system upgrades will be accomplished. The Board of Directors approved the contract award to Marine Group Boat Works in November 2015.

***Peralta* Mid-Life Refurbishment**

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 dry dock; interior vessel paint; and provision of spare gearbox, propellers, and shafts. Bay Ship & Yacht completed Phase 1 work in mid-2015.

Phase 2 will include replacement of all control systems and navigation electronics, snack bar renewal, and exterior cabin paint. Phase 2 implementation has been deferred until next winter (2016/17) so that the *Peralta* can be utilized this winter while core maintenance work is completed on other vessels in the fleet.

Vallejo Ferry Terminal Maintenance Dredging – This project will dredge the Ferry Terminal basin and refurbish the passenger float. The last maintenance dredging episode occurred in 2011; the basin has silted and requires maintenance dredging. CLE Engineering was awarded a contract to assist staff with permitting and project management on October 16, 2014. All permit applications have been submitted with no delays expected. The Board awarded a contract for the work to Vortex Marine Construction in August 2015 and dredging work began in September.

The temporary passenger float was deployed and refurbishment work on the primary float began in September. Dredging was completed and the refurbished float was re-installed the last week of October.

North Bay Operations and Maintenance Facility – This project will construct a new ferry maintenance facility located at Building 165 on Mare Island in Vallejo in two phases. The landside phase includes site preparation and construction of a new fuel storage and delivery system along with warehouse and maintenance space. The waterside phase will construct a system of modular floats and piers, gangways, and over-the-water utilities.

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

The Board of Directors awarded a design-build contract for the waterside construction phase to Dutra Construction in July 2014. Construction of the waterside phase is underway. Pile driving activities were completed on September 2, 2015. A total of 23 piles were driven over a 4 week period. Fabrication of the floats is underway and the floats are anticipated to be delivered to the site in December. The existing service float is being modified and rehabilitated at Bay Ship & Yacht in Alameda. The service float will be delivered to the site in January. After the floats are delivered, the construction contractor will begin installation of the superstructure and utility systems.

Regional Passenger Float Construction – This project will construct a new regional spare float that can be utilized as a backup for the Vallejo terminal float as well as other terminal sites such as downtown San Francisco when the permanent terminal floats must undergo periodic dry dock, inspection, and repair. This spare will support ongoing daily services and will be a valuable asset to have available for use in unplanned or emergency conditions. Ghirardelli Associates Inc. was selected as the project construction manager. Procurement of the passenger float construction contract was combined with the North Bay Operations and Maintenance Facility Project construction contract. The Request for Proposals for the project was released on February 28 and the construction contract was awarded to Dutra Construction on July 10, 2014. Final design was completed in December 2014. Float fabrication was completed in Portland, Oregon. The float arrived at Dutra's Alameda yard in early October. Float ramping and utility systems are being installed. The float is anticipated for completion in December and will be towed to the existing Vallejo Maintenance Facility for storage.

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

On December 4, a Request for Proposals (RFP) for construction of the project was released. Staff anticipates bringing a recommendation for Contract Award to the Board in April 2016. Pending contract award, project construction is expected to begin in 2016 and be complete by early 2018.

Staff is also advancing work to provide a replacement harbor seal haul-out in conjunction with this project. A conceptual design and implementation plan has been developed in coordination with a working group consisting of Alameda community members, City staff, and a marine mammal expert. Staff is working with state and federal resource agencies with jurisdiction over the work to secure permitting approval.

Outreach for the RFP will include several components. On November 4, WETA gave a presentation at the Business Outreach Committee's (BOC) "Meet the Primes" event which featured 12 prime contractors and was attended by 66 firms including SBE and DBE firms. The project was advertised in the Business Outreach Committee's quarterly newsletter that was distributed to over 1,250 people through WETA's outreach lists as well as outreach lists for the 17 other BOC members and posted on each BOC member's website. On November 24, WETA started hosting an online networking list for the upcoming release of the RFP for the Design/Build of the Central Bay Operations and Maintenance Facility to provide potential prime contractors and subcontractors with an opportunity to network in advance of the release of the RFP and to assist prime contractors to attain DBE and SBE participation. A sign-up form is available on WETA's website under the Central Bay Operations and Maintenance Facility project. A notification email inviting firms to sign up for the online networking list was sent to over 1,250 people signed up to receive WETA's upcoming contracting opportunities and business outreach information as well as to 117 DBE and SBE resource organizations in Northern California. As of December 4, 39 firms have signed up for the networking list. Additionally, WETA will hold a mandatory pre-bid meeting near the project site for potential bidders to receive more information about the project, ask questions, and network with each other well in advance of the date to submit proposals.

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. The proposed project would also include landside improvements needed to accommodate expected increases in ridership and to support emergency response capabilities.

Preliminary (30%) design and engineering of the project will be complete in December and staff will move forward with finalizing bridging design documents for project construction. A Request for Proposals for construction of the project is anticipated to be released in summer 2016, pending Board approval.

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.

The NEPA environmental review process was completed in October. The project was presented to the BCDC Design Review Board (DRB) in September. The BCDC DRB recommended advancing the project to the full BCDC commission. A Planning Application for the project was submitted to the City in October. Staff is coordinating with City of Richmond staff for review by the City's DRB. The project will be presented to the City DRB in December 2015 or January 2016. Staff is also coordinating with City staff to draft the lease agreement for the project. An item is included on the December 10, 2015 Board agenda requesting authorization to release a RFP for construction management services. Construction management services will assist staff

by providing oversight and support during the pre-construction project development, project construction, and project closeout phases.

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 of San Francisco staff to support development of this project, including participating in regular meetings of the City's Technical Advisory Committee convened to update and further develop the Treasure Island Mobility Management Program, which will include new ferry service provided in conjunction with the development project. The City is scheduled to consider adoption of preliminary toll policies in Fall 2015 that will include a financial plan for the Mobility Management Program. Staff has begun negotiation of a Memorandum of Understanding (MOU) with the City that would set forth the terms and conditions under which WETA would operate the future Treasure Island ferry service. The finalization and execution of an MOU for the Treasure Island service would be subject to consideration by the WETA Board.

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

SYSTEM STUDIES

Alameda Terminals Access Study – Both ferry terminals in Alameda have experienced a surge in ridership beginning with the first BART strike in July 2013. As a result, parking at both terminals typically spills on to adjacent streets and informal parking lots. WETA is partnering with City of Alameda staff to prepare plans to address the immediate issue and identify mid- to long-term solutions. In response to WETA staff activity, the City of Alameda Transportation Commission formed its own Ad Hoc Subcommittee to investigate improvements for ferry terminal access. In addition to Transportation Commission members and City of Alameda staff, the Subcommittee also includes WETA staff and representatives from AC Transit and local community organizations.

One of the original intents of the WETA Access Plan was to engage agency partners in finding access solutions. The formation of the Ad Hoc Subcommittee represents a success of the planning effort: the City of Alameda is engaged and is helping to improve access to ferry services for its residents. AC Transit has also developed proposals for service to Main Street to share with the Subcommittee. During this time, WETA staff has put access plan activities on hold to work collaboratively with the City and other partners to focus on parking strategies. The plan will restart with a fresh focus on alternative modes such as buses, shuttles, bicycles, and pedestrian improvements after the Main Street overflow parking issue is considered by the Subcommittee. Staff anticipates bringing forward the Access Plan and a discussion of the many ongoing work efforts in support of this plan in early 2016.

Alameda Seaplane Lagoon Study - The City of Alameda has proposed a new ferry terminal located along Seaplane Lagoon on the former Naval Air Station at Alameda Point. Consistent with terms of the 2011 Transition Agreement executed between WETA and the City of Alameda,

both parties have been working together to explore the viability of a new ferry service connecting Seaplane Lagoon and San Francisco over the past year.

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

Mission Bay Ferry Terminal – The NBA Champion Golden State Warriors basketball team has identified a preferred arena site at the foot of 16th Street in the Mission Bay neighborhood of San Francisco. A Mission Bay ferry terminal has been identified in both WETA and City of San Francisco planning documents as a potential future infrastructure investment but no significant planning or development work has been conducted to date and no funding exists to develop this as a terminal site. The Warriors and the City released an Environmental Impact Report for the proposed arena in early June, 2015, that does not consider a new ferry terminal or ferry service as a part of its project. The final Environmental Impact Report calls for a \$60 million fund for transportation improvements in the area of the new arena. Specific improvements called for in the document include new light rail cars and a new station. The fund, which will be administered by a committee of Mission Bay property owners, includes \$6 million in annual operating revenues for transit and traffic management.

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

OTHER

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

External and Internal Emergency Plan Updates: Navigating Preparedness Associates is currently under contract to assist staff with evaluating and updating existing emergency response plans and capabilities. The external WETA Emergency Response Plan has been developed to guide the WETA's provision of emergency services in a catastrophic event (such as a major earthquake on the southern Hayward or San Andreas faults) that necessitates a Governor's Proclamation of Emergency and a Stafford Act Disaster Declaration. The WETA's internal Emergency Operations Plan, is an appendix to the external plan and will address all other transportation incidents or required changes in service levels. The agenda for this month's meeting includes an informational item updating the Board on the development of both plans. Staff anticipates being in a

position to bring the draft external plan for Board review and input in February and a final plan for Board consideration in March.

Fueling Exercise with MARAD: On November 17 WETA and the Maritime Administration (MARAD) participated in a dry, over the water fueling exercise to check compatibility of fueling hoses between the MARAD and WETA fleets and fendering requirements for WETA vessels to be able to dock at MARAD's Pier 2 facility. The exercise was completed in 30 minutes and connected a 150 foot, 1 ½ inch hose with camlock fittings from the MV *Gemini* to a valved transfer connection on the MARAD vessel *Adm Callaghan*. The exercise demonstrated the capability to transfer fuel from the MARAD roll-on/roll-off ship, *Adm Callaghan*, to a WETA ferry for refueling during an emergency event. Representatives from CalOES and FEMA observed the exercise which was documented by FEMA to support the CalOES/FEMA Bay Area Earthquake Plan. The *Adm Callaghan* crew, the MV *Gemini* crew and the Blue & Gold Fleet Operations and Facility staff did a fantastic job executing this fueling exercise.

Golden Gate Bay Ferry IV Regional Emergency Response Exercise: On October 23, Kevin Donnelly, along with Patrick Murphy from the Blue & Gold Fleet, attended the initial planning meeting for the Golden Gate Bay Ferry IV Regional Emergency Response Full-Scale Exercise. Although the details of the exercise have yet to be finalized, there is a strong desire to keep the specifics unpublished to enhance the exercise. The exercise will emphasize the roles and responsibilities of law enforcement, first responders, and vessel crews during a mass casualty event occurring on a vessel. The exercise is scheduled to be held on Wednesday January 20, 2016 from 7:00am-4:00 p.m. and will take place at the Treasure Island East docks.

2015 Metropolitan Transportation Commission Tabletop Exercise: On November 6, Keith Stahnke, Lauren Gularte, and Kevin Donnelly participated in the Metropolitan Transportation Commission 2015 Regional Transportation Tabletop Exercise. The purpose of the exercise was to bring together state and local transportation agencies in the Bay Area to discuss regional coordination in response to a severe weather incident with catastrophic impacts. Specific discussion topics focused on interagency coordination and information sharing among transportation agencies, MTC, Operational Areas, and State emergency management partners. Participants also discussed functional requirements for the resumption of service in the wake of a disaster.

Coast Guard Manning Requirements - In response to a 2015 U.S. Coast Guard (USCG) initiative, staff has been working closely with the USCG Inspections unit (San Francisco Sector) in 2015 to review and verify the current manning levels required on WETA's fleet of vessels. As a result of this work, the WETA North Bay vessels current manning levels remain in place, this is noted in the vessel files and on each vessel Certificate of Inspection. The USCG Inspections unit is currently reviewing the Central Bay vessels. Initial indications are that individual vessel assessments will not be required and the current manning levels are adequate.

Senate Bill X1-7 and Assembly Bill X1-8 – SB X1-7, introduced by Senator Allen, and AB X1-8, introduced by Assembly Members Chu and Bloom, are identical measures. These bills would increase the sales and use tax on diesel fuel from 1.75 percent to 5.25 percent beginning July 1, 2016. This tax increase is expected to generate approximately \$300 million to support public transit's capital maintenance and expansion needs as well as operational needs.

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

KEY EXTERNAL OUTREACH/BUSINESS MEETINGS

On November 13, Lauren Gularte attended the Regional Business Outreach Committee monthly meeting.

On November 16, Lauren Gularte, Keith Stahnke and Marty Robbins hosted a webinar on the planned 2016 Request For Proposals for the construction of two or three 400-passenger high-speed, small passenger vessels. The webinar provided information on the upcoming procurement, a forum to ask questions, and an opportunity to comment on the project's proposed Disadvantaged Business Enterprises (DBEs) goal, as required by Federal Transit Administration regulations. The webinar also advertised an online networking list WETA is hosting to provide potential prime contractors and subcontractors an opportunity to network in advance of the release of the RFP and to assist prime contractors to attain DBE participation to meet the proposed DBE project goal.

On November 18-20, Mike Gougherty and Chad Mason attended the 50th Annual Conference of the California Transit Association in Pasadena, CA.

On November 20, WETA submitted comments on the draft CalOES/FEMA Bay Area Earthquake Plan.

On November 23, Kevin Connolly and Keith Stahnke participated in a panel discussion and shipyard tour as part of the Bay Area Council's trip to Seattle, led by Vice Chair James Wunderman. The panel discussion included staff from Washington State and King County ferry agencies. The tour of Kvichak Marine included a look at the two new WETA vessels being constructed. The Seattle trip also included meetings with the Mayor of Seattle, King County Metro Transit Agency, and the Washington State Department of Transportation.

On November 30, Nina Rannells participated in the Clipper Executive Committee meeting on behalf of WETA and the Bay Area's small transit operator group.

On December 2, Mike Gougherty represented WETA at the Port of San Francisco Northeastern Waterfront Advisory Committee (NEWAG) meeting.

On December 4, Kevin Connolly provided a presentation on WETA's core capacity service issues and needs to the Bay Area Congestion Management Agency Executive Directors.

OPERATIONS REPORT

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

Attachment A

Monthly Operating Statistics Report October 2015

		Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo*	Systemwide	
Boardings	<i>vs. last month</i>	Total Passengers October 2015	105,009	27,327	11,065	84,910	228,311
		Total Passengers September 2015**	115,286	25,435	10,255	85,314	236,290
		Percent change	-8.91%	7.44%	7.90%	-0.47%	-3.38%
	<i>vs. same month last year</i>	Total Passengers October 2015	105,009	27,327	11,065	84,910	228,311
		Total Passengers October 2014	90,096	23,852	10,029	83,653	207,630
		Percent change	16.55%	14.57%	10.33%	1.50%	9.96%
	<i>vs. prior FY to date</i>	Total Passengers Current FY To Date	464,847	105,505	42,064	361,156	973,572
		Total Passengers Last FY To Date	358,637	87,824	34,545	329,480	810,486
		Percent change	29.61%	20.13%	21.77%	9.61%	20.12%
	Avg Weekday Ridership October 2015	3,309	1,242	503	2,978	8,032	
Ops Stats	Passengers Per Hour	202	191	77	138	161	
	Revenue Hours	519	143	143	616	1,421	
	Revenue Miles	6,246	3,161	2,722	16,834	28,963	
Fuel	Fuel Used (gallons)	53,880	14,617	18,806	136,588	223,890	
	Avg Cost per gallon	\$1.95	\$1.95	\$1.95	\$2.16	\$2.08	

* Vallejo ridership includes ferry + Route 200 bus passengers. October bus ridership totaled 5402.

** September 2015 boardings include BART closure ridership for Alameda/Oakland and Vallejo services, September 5, 6 & 7.

MEMORANDUM

TO: Board Members

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

**SUBJECT: Monthly Review of FY 2015/16 Financial Statements for Four Months
Ending October 31, 2015**

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2015/16 Financial Statements for four months ending October 31, 2015.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenue	5,306,390	4,888,963	6,381,436
Local Bridge Toll Revenue	5,114,974	6,444,930	3,895,700
Other Revenue	500	191,594	325
Total Operating Revenues	10,421,865	11,525,487	10,277,462
Expenses - Year To Date:			
Planning & Administration	631,289	1,010,959	877,364
Ferry Services	9,790,576	10,514,528	9,400,098
Total Operatings Expenses	10,421,865	11,525,487	10,277,462
System-Wide Farebox Recovery %	54%	46%	68%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2015/16 Budget
Revenues:		
Federal Funds	3,412,591	11.18%
State Funds	4,660,640	18.90%
Bridge Toll Revenues	1,734,796	13.74%
Other Local Funds	570,173	16.00%
Total Capital Revenues	10,378,199	14.54%
Expenses:		
Total Capital Expenses	10,378,199	14.54%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Four Months Ending 10/31/2015

% of Year Elapsed 33.7%

	Current Month	Year - To - Date			Budget	
		FY2014/15 Actual	FY 2015/16 Budget	FY 2015/16 Actual	FY 2015/16 Total	% of Total
OPERATING EXPENSES						
<u>PLANNING & GENERAL ADMIN:</u>						
Wages and Fringe Benefits	99,750	393,250	508,175	394,906	1,508,000	26.2%
Services	190,516	197,255	501,436	467,441	1,488,000	31.4%
Materials and Supplies	664	3,019	9,436	5,302	28,000	18.9%
Utilities	1,237	2,306	7,751	5,897	23,000	25.6%
Insurance	-	18,335	7,751	-	23,000	0.0%
Miscellaneous	3,118	18,460	40,438	26,370	120,000	22.0%
Leases and Rentals	23,922	91,822	101,433	95,168	301,000	31.6%
Admin Overhead Expense Transfer	(28,397)	(93,157)	(165,460)	(117,720)	(491,000)	24.0%
Sub-Total Planning & Gen Admin	290,811	631,289	1,010,959	877,364	3,000,000	29.2%
<u>FERRY OPERATIONS:</u>						
<u>Harbor Bay FerryService</u>						
Purchased Transportation	140,576	443,739	615,775	523,963	1,827,300	28.7%
Fuel - Diesel & Urea	28,568	149,382	155,351	106,084	461,000	23.0%
Other Direct Operating Expenses	36,117	120,874	168,291	117,782	499,400	23.6%
Admin Overhead Expense Transfer	4,878	17,742	27,633	20,338	82,000	24.8%
Sub-Total Harbor Bay	210,140	731,737	967,050	768,167	2,869,700	26.8%
Farebox Recovery	60%	54%	41%	63%	41%	
<u>Alameda/Oakland Ferry Service</u>						
Purchased Transportation	615,905	2,079,228	1,975,532	2,071,902	5,862,350	35.3%
Fuel - Diesel & Urea	105,308	528,416	531,781	390,432	1,578,050	24.7%
Other Direct Operating Expenses	62,000	235,703	406,742	245,967	1,207,000	20.4%
Admin Overhead Expense Transfer	12,883	35,637	73,800	53,551	219,000	24.5%
Sub-Total Alameda/Oakland	796,096	2,878,984	2,987,855	2,761,852	8,866,400	31.1%
Farebox Recovery	61%	58%	50%	76%	50%	
<u>Vallejo FerryService</u>						
Purchased Transportation	844,720	2,928,296	3,115,630	3,450,997	9,245,570	37.3%
Fuel - Diesel & Urea	294,503	1,796,658	1,702,057	1,121,110	5,050,820	22.2%
Other Direct Operating Expenses	82,488	308,188	498,423	322,491	1,479,060	21.8%
Admin Overhead Expense Transfer	4,899	17,764	30,329	19,850	90,000	22.1%
Sub-Total Vallejo	1,226,610	5,050,905	5,346,439	4,914,448	15,865,450	31.0%
Farebox Recovery	67%	59%	51%	72%	51%	
<u>South San Francisco FerryService</u>						
Purchased Transportation	196,831	748,838	781,101	686,660	2,317,900	29.6%
Fuel - Diesel & Urea	36,756	216,428	213,144	134,948	632,500	21.3%
Other Direct Operating Expenses	29,066	141,670	185,241	110,042	549,700	20.0%
Admin Overhead Expense Transfer	5,737	22,014	33,699	23,982	100,000	24.0%
Sub-Total South San Francisco	268,390	1,128,949	1,213,184	955,632	3,600,100	26.5%
Farebox Recovery	29%	20%	20%	29%	20%	
Total Operating Expenses	2,792,047	10,421,865	11,525,487	10,277,462	34,201,650	30.0%
OPERATING REVENUES						
Fare Revenue	1,512,173	5,306,390	4,888,964	6,381,436	14,507,900	44.0%
Local - Bridge Toll	1,279,875	5,114,974	6,444,930	3,895,700	19,125,200	20.4%
Local - Alameda Tax & Assessment		-	191,594	-	568,550	0%
Local - Other Revenue		500	-	325	-	0%
Total Operating Revenues	2,792,047	10,421,865	11,525,487	10,277,462	34,201,650	30.0%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2015/16 Statement of Revenues and Expenses
For Four Months Ending 10/31/2015

Project Description	Current Month	Project Budget	Prior Years Actual	FY2015/16 Budget	FY2015/16 Actual	Future Year	% of Total Project Budget
CAPITAL EXPENSES							
FACILITIES:							
Maintenance and Operations Facilities							
North Bay Operations & Maintenance Facility	923,434	31,082,000	17,978,666	13,103,334	3,108,855	-	68%
Central Bay Operations & Maintenance Facility	154,759	45,600,000	3,182,898	14,317,102	457,825	28,100,000	8%
Float Rehabilitation/Replacement							
Regional Spare Float Replacement	289,282	3,862,000	1,457,429	2,404,571	1,113,104	-	67%
Replace Mooring Piles - Harbor Bay Float	205,368	450,000	-	450,000	208,330	-	-
Terminal Improvement							
Electronic Bicycle Lockers	-	79,500	-	79,500	-	-	0%
Channel Dredging - Vallejo Ferry Terminal	29,629	1,900,000	57,854	1,842,146	917,612	-	51%
Terminal Access Improvement	45,080	250,000	-	250,000	45,080	-	18%
FERRY VESSELS:							
Major Component Rehabilitation / Replacement							
Vessel Engine Overhaul - Gemini Class Vessels	189	1,320,000	777,927	542,073	189	-	59%
Vessel Engine Overhaul - Taurus ¹	-	300,000	-	300,000	-	-	0%
Selective Catalyst Reduction (SCR) System Overhaul	-	1,400,000	-	700,000	-	700,000	0%
Major Component & Waterject Rehab - Intintoli	90,364	2,860,000	-	2,860,000	91,709	-	3%
Major Component Rehabilitation - Solano	-	430,000	-	430,000	-	-	0%
Vessel Mid-Life Repower/Refurbishment							
Vessel Mid-Life Refurbishment - Peralta	4,793	5,260,000	3,373,932	1,886,068	16,349	-	64%
Vessel Quarter-Life Refurbishment - Gemini	39,569	2,400,000	-	2,400,000	69,600	-	3%
Vessel Expansion/Replacement							
Purchase Replacement Vessel - Express II & Encinal	41,670	33,951,000	3,227,001	17,086,999	3,743,821	13,637,000	21%
Purchase Replacement Vessel - Vallejo	-	21,052,000	387	4,999,613	749	16,052,000	0%
CAPITAL EQUIPMENT / OTHER:							
Purchase Heavy Duty Forklift	-	120,000	-	120,000	-	-	0%
Purchase Utility Vehicles	-	35,000	-	35,000	-	-	0%
SERVICE EXPANSION:							
Environmental Studies / Conceptual Design							
Berkeley Terminal - Environ/Concept Design	-	2,335,000	2,186,799	148,201	-	-	94%
Terminal/Berthing Expansion Construction							
Downtown Ferry Terminal Expansion - South Basin	202,974	79,580,000	3,269,602	4,180,398	404,567	72,130,000	5%
Richmond Ferry Terminal	42,982	17,062,500	791,931	1,240,569	198,492	15,030,000	6%
Expansion Ferry Vessels							
Richmond Ferry Vessels - 2 each	1,730	42,000,000	-	2,000,000	1,917	40,000,000	0%
Total Capital Expenses	2,071,822	293,329,000	36,304,428	71,375,573	10,378,199	185,649,000	
CAPITAL REVENUES							
Federal Funds	550,765	65,515,756	9,114,783	30,529,489	3,412,591	25,871,485	19%
State Funds	1,290,579	166,257,383	22,272,394	24,660,205	4,660,640	119,324,784	16%
Local - Bridge Toll	139,116	54,815,921	3,467,192	12,622,848	1,734,796	38,725,881	9%
Local - Alameda Sales Tax Measure B	50,288	5,139,940	1,450,059	2,323,031	528,505	1,366,850	38%
Local - Alameda TIF / LLAD	41,074	450,000	-	90,000	41,667	360,000	9%
Local - San Francisco Sales Tax Prop K	-	1,100,000	-	1,100,000	-	-	0%
Local - Transportation Funds for Clean Air	-	50,000	-	50,000	-	-	0%
Total Capital Revenues	2,071,822	293,329,000	36,304,428	71,375,573	10,378,199	185,649,000	

¹ Board approved in October 2015 to add the project to the FY2015/16 Capital Budget at a total cost of \$300,000.

MEMORANDUM

TO: Board Members

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

SUBJECT: WETA Federal Legislative Board Report – December 1, 2015

This report is divided into two sections:

1. Surface Transportation Bill Includes Provisions that Benefit WETA
2. Status of FTA's Consideration of WETA Grant Application

Surface Transportation Bill Includes Provisions that Benefit WETA

Leadership in the U.S. Senate and U.S. House of Representatives have come to agreement on legislation that will provide funding for federal surface transportation programs, including transit programs, through 2020. The legislation contains provisions that greatly benefit WETA: 1) the bill extends the Federal Transit Administration (FTA) grant program for another five years and 2) the bill extends the Federal Highway Administration (FHWA) ferry formula grant program for another five years, while increasing the annual funding for the program from \$67 million to \$80 million and changing the formula from one that disadvantages WETA [45% vehicles, 35% route miles, 20% passengers] to one that is more favorable for WETA [35% passengers, 35% vehicles, 30% route miles].

We worked very hard to ensure the changes made to the FHWA formula program and the corresponding increase in funding made it into the final bill. While the changes were included in the Senate-passed transportation bill, they were not included in the House-passed transportation bill, largely because of strong opposition from Alaska Congressman Don Young who is the second most senior Republican on the Highways and Transit Subcommittee which is part of the House Transportation and Infrastructure Committee. Young didn't like the Senate formula because it disadvantages Alaska ferries (by reducing the weight given to ferry services with long route miles).

In working to preserve the changes to the formula and increase the level of funding, we enlisted the help of the Washington representatives (our counterparts) for the City of New York/Staten Island Ferry, Cape May (NJ) – Lewes (DE) Ferry and Washington State Ferries. As part of our efforts, we facilitated two letters to conference negotiators. Seven Senators, including Senator Feinstein, sent one of the letters (Note that as the senior Democrat on the Environment and Public Works Committee and one of the lead negotiators in the transportation conference, Senator Boxer doesn't sign onto letters of this nature – she would effectively be sending a letter to herself). Thirteen members of the House of Representatives, including members of the Bay Area Congressional delegation, sent another letter.

Status of FTA's Consideration of WETA Grant Application

WETA submitted an application to the Federal Transit Administration (FTA) asking for \$4 million from the agency's Ferry Discretionary Grant Program for the Downtown San Francisco Ferry Terminal Expansion project. We have strong support from the Bay Area Congressional delegation

in the form of letters to agency leadership. Unfortunately, the agency doesn't plan to award grant money anytime soon – FTA staff has indicated the agency doesn't intend to announce project selections until "late spring".

END

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

(November 5, 2015)

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

1. CALL TO ORDER – BOARD CHAIR

Chair Jody Breckenridge called the meeting to order at 1:04 p.m.

2. PLEDGE OF ALLEGIANCE AND ROLL CALL

Chair Breckenridge led the Pledge of Allegiance. Other directors present were Vice Chair James Wunderman, Director Jeffrey DelBono, Director Timothy Donovan and Director Anthony Intintoli.

3. REPORT OF BOARD CHAIR

No report.

4. REPORTS OF DIRECTORS

No reports from the Directors.

5. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and introduced Manager of Planning and Development Kevin Connolly to provide an update on Seaplane Lagoon project and the developer's efforts to solicit proposals from private operators to develop a terminal and service. Mr. Connolly explained that the developers had issued a solicitation for private industry to develop a terminal and services, through an RFP process, this fall and that he is of the understanding that they did not receive the anticipated results and subsequently re-engaged WETA in discussions and meetings between staff, developers and the City of Alameda (Alameda). He explained that there currently were no operating funds identified for the service but said the developers had committed \$12 million in capital funding. The developers were hoping to see services begin in 2018, which is highly optimistic given the lack of full capital and operating funding to support this new service. Mr. Connolly further noted that a draft Memorandum of Understanding (MOU) between the City, the developers and WETA had been crafted approximately a year ago that provided much detail, and that progress could be made with all of the parties working together on the possibilities using the MOU as a guide

Ms. Rannells stressed that the project had limited capital and no operational funding identified or committed, private or otherwise, and that the success of the project would be driven by the identification of a realistic funding plan for the interested parties to work in partnership to secure. Director Breckenridge noted that she had personally seen numerous private developers express interest in funding a portion of ferry service to support their objectives, but that none of that funding interest had ever materialized with ample dollars to support their operations expectations. Ms. Rannells reiterated that the WETA needed more capital and operations funding to expand service beyond what it was presently providing.

Ms. Rannells then introduced Administrative/Policy Analyst and DBE Administrator Lauren Gularte to share updates on emergency response efforts. Ms. Gularte explained that she had attended the Fleet Week Exercise After-Action Meeting that morning. She said two key takeaways from the exercise, which had been designed and executed to test the full scale loading of equipment onto vessels and

transporting of supplies into San Francisco, had been the Incident Commander's ability to communicate directly with requesting and supportive agencies using effective visual and radio communication, and understanding of the capabilities and limitations of federal assets such as the MARAD vessels.

Chair Breckenridge said another key takeaway of the exercise had been the discovery that many of the ramps in San Francisco presented challenges for some of the equipment tested and that the discovery was now being included in the overall response plan. Ms. Gularte added that the need for a regional work group on emergency response had also surfaced in the exercise. She noted that WETA would be working to identify some creative possibilities for participation in next year's exercise, which did not have an obvious role for WETA's evacuation and first responder transporting capabilities. Ms. Gularte reminded the Directors that the MARAD fueling exercise would be taking place on November 17 at Pier 2 and added that representatives from the California Office of Emergency Services (CalOES) and the Federal Emergency Management Agency (FEMA) would also be on site to observe the exercise.

Director Intintoli asked for updates on the North Bay Operations and Maintenance Facility and the Vallejo dredging projects. Ms. Rannells said staff had secured a permit extension to support the completion of the Vallejo dredging work due to the breakdown of the contractor's dredging equipment. Manager of Operations Keith Stahnke explained that the dredging work had been completed for more than a week and confirmed that the facility was back to normal operations. Chair Breckenridge asked if more fill material had been removed in this dredge than had been removed in the prior dredge and Mr. Stahnke said no. Director Donovan asked if any additional costs had been incurred for the permit extension and Mr. Stahnke said no.

Director Donovan asked if the development for the new Warriors arena that was going to be built next to the University of California at San Francisco (UCSF) at Mission Bay might highlight the need for ferry service to be included in the development plans. Ms. Rannells stated that the Mission Bay project was complicated. She explained that Port of San Francisco (Port) was the property owner and, as such, was the public entity in the best position to drive the development of water transit facilities in the area. In recent conversations with Port staff and other interested parties, staff had expressed our interest in exploring the potential for new ferry service to this area.

Chair Breckenridge added that the City's current focus was to retain the Warriors. Ms. Rannells explained that there had been recent conversations about a transportation fund for the development which included ferry service and many other transportation projects as eligible recipients. Vice Chair Wunderman said both the Warriors and UCSF were interested in ferry service at Mission Bay to help mitigate traffic congestion. He said the Port was very interested in pursuing ferry service and suggested that the Port and the developers be invited to discuss details such as terminal and service specifics.

Mr. Connolly said he recently attended a meeting with the Mission Bay Neighborhood Transportation Committee comprised of the larger businesses in the neighborhood as well as residents and noted that this Committee was the entity in charge of the transportation fund for the development. He said that they were all very excited about ferry service and that the next step for them was to identify funding. Vice Chair Wunderman said the Port had a lot on their plate and that water transportation was just one facet of what they were tasked to do. He said WETA had a much narrower focus than the Port, and that while sometimes it was a better idea to be reactive, as in the case where a need for service was unrealistic, in this case WETA should be proactive and pursue the Mission Bay opportunity more aggressively because it was direly needed.

Ms. Rannells said that the WETA Board has long expressed interest in the potential for a new Mission Bay terminal and service, and that staff had begun preliminary work in support of this but had subsequently been told by the Port that they would work to develop terminal plans. Chair Breckenridge further explained that ferry service at Mission Bay would require landside development to support a

terminal and that the Port had made it clear that they had a development plan and would be working to implement that plan. She noted that WETA agreed that it was important to continue to show a willingness and interest in ferry service at Mission Bay. Mr. Connolly said that WETA had been invited to return to the Committee and would return to share ridership projections and operation details. Chair Breckenridge said that Pier 70 was also under development and that there was huge need and opportunity to be pursued there also.

In reviewing the Financial Statement through September, Chair Breckenridge asked if fare revenue had risen because of the recent BART transbay tube closures and resulting service disruptions. Ms. Rannells indicated that it had, but also explained that fare revenues for the first three months of the year are generally higher than other months due to the added ridership and services offered in the summer months. Director DelBono asked if the new record high ridership number should become the baseline expectation to facilitate more accurate planning and budgeting. Chair Breckenridge said the reporting was done with year to year as well as month to month analysis and that there was a Board approved threshold to trigger review for potential service adjustments. Ms. Rannells explained that the numbers were analyzed and managed on a daily basis by staff and that any significant service adjustments were limited by vessel availability.

Chair Breckenridge asked if expenses were down because of reduced fuel prices. Ms. Rannells said it was a contributing factor and reminded the Directors that expenses would rise again as winter vessel maintenance and dry dock work got underway. Director Donovan asked if the fuel cost difference between Vallejo and the other service routes was normal. Mr. Stahnke said the fuel provided through Blue & Gold Fleet at Pier 41 was purchased in high volume with a volume discount and that there was a slight rise in Vallejo fuel because of fuel transportation. Ms. Rannells added that fuel was received in Vallejo every few days and when the North Bay Operations and Maintenance Facility was completed that the increased storage capacity will reduce the number of deliveries required which should result in lower fuel costs overall.

PUBLIC COMMENT

Veronica Sanchez of Masters, Mates & Pilots (MM&P) asked about updates from MTC about the South San Francisco farebox recovery requirement. Ms. Rannells said she was working with Alix Bockelman at MTC and that she anticipated the threshold would be adjusted but did not have details at this time as MTC had deferred the conversation to the spring. Ms. Sanchez reiterated that MM&P and the Alameda Labor Council were available and interested to support WETA and the importance of the South San Francisco service. Chair Breckenridge said that having a letter of support on file from the union would be helpful and appreciated.

Ms. Rannells referred the Directors to the Federal Legislative report and said that WETA staff had prepared an application for \$4 million in funds from the Federal Transit Administration (FTA) Ferry Discretionary Grant Program. She noted that WETA had received numerous letters of support from its congressional delegation which had been forwarded to the FTA.

6. CONSENT CALENDAR

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

- a) Board meeting minutes - October 1, 2015
- b) Approve Amendment to the Agreement with Valley Power Systems North, Inc. for Intermediate Overhaul of the Gemini Class Vessels Main Engines

Director Donovan asked if the other Gemini class vessels would have to go back into dry dock again soon. Mr. Stahnke said no.

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

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

7. MEETING SCHEDULE FOR CALENDAR YEAR 2016

Ms. Rannells explained that the 2016 meeting schedule was based upon the traditional meeting calendar and noted that the meetings in January and December were recommended for the second Thursday of the month due to the holidays and scheduling conflicts.

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

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

8. APPROVE CONTRACT AWARD TO MARINE GROUP BOAT WORKS FOR FERRY VESSEL INTINTOLI MAJOR COMPONENT AND WATERJET REHABILITATION PROJECT

Mr. Stahnke presented the item with a recommendation to approve contract award to Marine Group Boat Works (Marine Group) for the *Intintoli* Major Component and Waterjet Rehabilitation project in an amount not to exceed \$1,580,000 and authorize the Executive Director to negotiate and execute an agreement and take any other related actions as may be necessary to support this work.

Vice Chair Wunderman asked where Marine Group was located and Mr. Stahnke said they were in San Diego. Vice Chair Wunderman asked if there was any possibility of the work being done locally and Mr. Stahnke said the second of the two proposals received for the project came from Bay Ship & Yacht in Alameda. He stated that Marine Group had recently completed work on a Golden Gate Transit vessel with another in progress and had also recently performed a refurbishment on the *Bay Breeze* and that WETA had been very satisfied with their work. Vice Chair Wunderman said in the future it would be nice to have work done in our own region. Mr. Stahnke noted that the Marine Group's proposal for this project was stronger than Bay Ship & Yacht's proposal and added that WETA had a vessel at Bay Ship & Yacht just about every month of the year. He further explained that the recommended award was based upon a competitive bid process, as required by the funding agencies and WETA procurement process.

PUBLIC COMMENT

Nathan Nayman of Tideline Water Taxi asked if there had been any interest in bidding on the project by Mare Island Dry Dock, LLC and Mr. Stahnke said that they had not bid on the project.

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

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

9. AUTHORIZE THE RELEASE OF REQUEST FOR PROPOSALS FOR CONSTRUCTION OF CENTRAL BAY OPERATIONS AND MAINTENANCE FACILITY

Senior Planner and Project Manager Michael Gougherty presented the item to authorize the release of a Request for Proposals for Construction of the Central Bay Operations and Maintenance Facility which included a slide show of the facility design. Mr. Gougherty noted that the facility would provide a central base to support central bay services by providing vessel berthing space, more comprehensive maintenance facilities and office and emergency operations work space. Chair Breckenridge asked what sort of development was being planned for the area surrounding the facility and Mr. Gougherty explained that it was mixed use, including residential.

Mr. Gougherty explained that staff had hired a marine mammal expert to address the concerns of some citizens who had spotted harbor seals in the area and that staff was in process of permitting for a harbor seal haul out to address those concerns. He said the project would also provide 25,000 square feet of offsite public access improvements as a condition of the San Francisco Bay Conservation and Development Commission (BCDC) permit for the facility received in June. Those improvements, he noted, included a widening and extension of the Bay Trail near the site, construction of a public park that would be maintained by the City of Alameda, and a separate viewing terrace.

Chair Breckenridge asked about fuel storage at the new facility. Mr. Gougherty explained that it would depend on the level of service provided but estimated about a week based on current service levels. He further noted that larger fuel storage capacity was not considered due to the limited footprint of the site. Mr. Stahnke added that Coast Guard requirements would be triggered at 50 thousand gallons as well. Mr. Gougherty said the design also included protection of the facility and the public access improvements against sea level rise and storm surge with an elevated sea wall and apron per the new BCDC permitting requirements. He said that the design life of the facility was fifty years, and adaptive measures had been included to support protection of the facility and public access improvements through year 2100 projected sea level rise.

Director DelBono asked how many administrative offices would be available at the facility and Mr. Gougherty explained that the design was flexible and that the third floor of the facility would ultimately support 30 to 40 people. Vice Chair Wunderman asked if there was a plan to move the WETA headquarters to Alameda. Ms. Rannells said that the objective was flexibility, adding that the facility would provide large training spaces, expand emergency response capabilities, and support WETA service well into the future.

Director DelBono asked if there was a grant-driven timeline for commencing project construction and Mr. Gougherty said it was flexible. Director Donovan asked if the Emergency Operations Center would operate out of the new facility and Chair Breckenridge said that would be discussed further. She noted that based on the last emergency response exercise, it was clear that there were pros and cons to having various locations in the Bay Area to work from in the event of emergency and that the North Bay facility on Mare Island was another available WETA facility to support this functionality.

Director Donovan asked if there was a solar or wind energy component inclusion in the design. Mr. Gougherty said there would be solar panels on the roof of the facility and noted that the design had received a Leadership in Energy and Environmental Design (LEED) Silver certification.

Vice Chair Wunderman asked for the cost ratio of the building and the maintenance facility and about the community response was to the planned 70-foot tall building. Mr. Gougherty said that there was a fairly equal split between the landside and waterside components and clarified that the nearby MARAD ships would dwarf the building.

PUBLIC COMMENT

Derf Butler of the National Association of Minority Contractors (NAMC) board member and the Chairman of the Construction Committee of the San Francisco African American Chamber of Commerce said his organizations' members were concerned that WETA's Disadvantaged Business Enterprise (DBE) goal for this project was only one percent. He said findings pointed to a more realistic goal for the project of 15 to 18 percent and said 1.3 percent was unacceptable. Mr. Butler asked that WETA be more aggressive in reaching out to the disadvantaged business community beyond the traditional outreach such as e-blasts and sending out materials and suggested a mandatory pre-bid. Chair Breckenridge asked if the 15 to 18 percent goal recommendation included work on the waterside of this particular project. Mr. Butler said no because that was specialty waterside work, which has very little DBE participation.

Director Intintoli asked for staff clarification on how the DBE goal was established. Ms. Rannells noted that WETA does not set contract goals, but, rather sets an overall 3-year program goal for its program of federally funded projects, consistent with FTA requirements. Ms. Gularte further explained that much of WETA's federal funding is for vessel work and that the agency's DBE/SBE goal is established as a program goal for projects over a specific triennial goal period, the current of which is 2014 through 2016. She said she expected to see a lot more participation from the DBE community for the landside work on this particular project and explained that WETA was prohibited by the FTA from setting contract-specific DBE contract goals unless it could prove an underrepresentation of minorities. Mr. Butler suggested WETA do a disparity study to encourage prime contractors to engage minority businesses.

Vice Chair Wunderman asked if it was possible for the Board to establish an internal goal for projects in an effort to better support the DBE community. Ms. Gularte said WETA did a lot of outreach, including public meetings specifically to connect primes with the DBE community, and noted that she had facilitated one such event the prior day. Director Donovan asked if it was possible to include soft language in project details to support more DBE inclusion. WETA counsel Stanley Taylor of Nossaman LLP said WETA could do race neutral outreach but could not set contract-specific goals. Ms. Rannells said that staff would work on doing more robust outreach to the DBE community in an effort to increase their participation in this particular project's bidding process given that the landside component offers more opportunity for DBE participation than most of WETA's maritime-specific projects. She further clarified for the record that WETA always held pre-bid meetings. Ms. Rannells said staff would explore ways to make the matchmaking process more robust. Mr. Gougherty said that 136 people had registered for the outreach committee event that had taken place the prior day and that a pre-proposal event was also planned, noting that the mandatory pre-proposal meeting had historically been the most successful way to link subcontractors with primes.

PUBLIC COMMENT

Jerry Bellows of the Maritime Administration (MARAD) said one idea might be to have several prime and subcontractor meetings in multiple locations and at different times to increase participation.

Director Donovan said he was aware of staff's efforts over the last year to solicit interest from the DBE community for technical and administrative subcontractor opportunities and that a list had been compiled to be used as a resource. Ms. Gularte said that there were four general DBE outreach events held annually which would continue. Director DelBono asked if staff could provide a report for the Directors of their outreach efforts on this project at the next board meeting. Chair Breckenridge said that this could be provided through the Executive Director's report.

Vice Chair Wunderman said the interest of the Board in the concerns raised by Mr. Butler would be reflected in the meeting minutes and that efforts to address those concerns would continue. Director DelBono added that he recognized and appreciated all of the hard work and time that staff had already put into the project to support outreach and all that was required to bring it to its current status. Chair Breckenridge thanked Mr. Butler for his attendance and input.

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

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

10. APPROVE A PROJECT LABOR AGREEMENT FOR CONSTRUCTION OF THE CENTRAL BAY OPERATIONS AND MAINTENANCE FACILITY PROJECT

Ms. Rannells presented the recommendation to approve utilization of a Project Labor Agreement for construction of the Central Bay Operations and Maintenance Facility project and authorize the Executive Director to negotiate and execute the final agreement and take other such related actions to support this project.

Director Intintoli asked if sufficient work had been done with the local labor unions in writing the Project Labor Agreement (PLA) to assure a consensus. Ms. Rannells said she had been assured by Andreas Cluver of the Building and Construction Trades Council of Alameda County that the unions were in agreement. Chair Breckenridge asked if the new language about a timeline of 14 days for arbitration was acceptable. Ms. Rannells said yes, and Mr. Taylor agreed that a more timely restriction was advantageous for all.

Vice Chair Wunderman asked about the requirement of residency in Alameda County for workers hired under the Core Worker provision. Director Donovan said the unions wanted their local members to get the work and that historically, contractors had been known to move people to job sites for work versus hiring locally. Vice Chair Wunderman also asked who would choose the arbitrators. Mr. Taylor said that there was an agreed-to short list included in the agreement that the parties would choose from and that there were very few people who did that sort of work.

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

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

11. STATUS REPORT ON FERRY TICKET AND CLIPPER CARD FARE PAYMENTS

Manager of Marketing and Public Information Ernest Sanchez presented this informational item explaining that the Clipper regional electronic fare payment system had been rolled out incrementally to Bay Area transit systems over the past nine years beginning with the largest Bay Area operators. He further explained that Clipper Card utilization was on the rise and that Clipper Cards were sold and reloaded at the Bay Crossings store in the San Francisco Ferry Building and at WETA's Vallejo ticket office. He noted that the cards are also sold at approximately three hundred private retailers such as Walgreen's and Whole Foods stores throughout the Bay Area.

Director Intintoli asked how WETA had been capturing fares on onboard ticket purchases on short travel routes. Mr. Sanchez said that on short routes and heavy days, such as during BART service disruption periods, it had proved difficult and that sometimes riders were standing in lines to buy their tickets for the duration of their voyages. He added that the Clipper Card was a good solution to help mitigate such challenges.

Mr. Sanchez said that Blue & Gold Fleet had taken over the Vallejo ticket office as of July 2015 and that they had \$43,000 in ticket sales in the month of August. He said the privately operated Bay Crossings store served as a Clipper Card customer center and sold WETA ferry tickets and Clipper Cards. He further explained that WETA paid a commission to the Bay Crossings store on all ferry tickets it sold, in the amount of approximately \$89,000 per year, in addition to a monthly subsidy of \$4,000 per month, or \$48,000 annually. Mr. Sanchez noted that the Bay Crossings store ferry ticket sales along with related commissions had declined due to the many customers transitioning from paper tickets to the Clipper Card.

Director DelBono asked if there was any concern by the Bay Crossings store about the decline in its ferry ticket commissions. Chair Breckenridge explained that in addition to the subsidy and commission from WETA that it also had an agreement with MTC for Clipper sales. She introduced the owner and operator of the Bay Crossings Store Bobby Winston.

PUBLIC COMMENT

Mr. Winston shared a history of the Bay Crossings store with the Directors, explaining that he had originally been asked to open the store by Transportation Superintendent at the City of Vallejo, Pamela Belchamber, who was responsible for running the Vallejo ferry service at the time. He said there had been no way for riders to purchase ferry tickets at the Ferry Building then and that there was a provision with the developer requiring that provide a leased space for ferry ticket sales at the Ferry Building. Mr. Winston noted that he had subsequently been able to secure financial support from MTC, Amtrak, the Port of San Francisco and the Water Transportation Authority, now WETA. He added that about five percent of the store's revenue came from retail items like tote bags.

Mr. Winston explained that the store had grown along with the ferry service and that it was the only place to obtain a certified Clipper Card if one had special needs like being a youth, a senior or being disabled. He said that the store was the front line for the emergency preparedness agenda because when there was a problem with the BART system, it was really felt at the store.

Mr. Winston said that he had experienced a decline in ticket sales commission revenues due to the growing popularity and use of Clipper. He was primarily concerned that his lease was up for the store this fall and that the issue of declining revenues had to be collectively addressed for him to continue to operate the store. He stated that he was not requesting more money from WETA than he had received in prior years, just to be assured that funding would not be withdrawn. He explained that if the money he had lost in ferry ticket commissions was not made up until his contract with MTC was renewed next year, that the store may not be able to stay in business.

Mr. Sanchez clarified that the Bay Crossings Store in the Ferry Building was also a customer service center for Clipper, through MTC, and was subsidized (along with the ferry flap sign at that location) in the amount of \$205,000 annually under Mr. Winston's contract with MTC, which is up for renewal in June 2016.

Director Donovan asked Mr. Winston about the renewal term of the lease and Mr. Winston said it would be a five-year lease, adding that he would soon very likely have to pay his staff more and give them health benefits because of the recent changes to minimum wage laws in San Francisco. He said he had a sole source contract with MTC for their support of the Bay Crossings Store in the Ferry Building.

Director Donovan asked Veronica Sanchez of MM&P, if the customer service staff at the Vallejo Ticket Office was part of any labor group. Ms. Sanchez said that they were part of the MM&P, were paid above minimum wage and had health care. He asked if the staff at the Bay Crossings Store were students and Mr. Winston said yes, that they were all students, adding that he made no money from the store.

Director DelBono said it sounded like there was some sort of action required on behalf of the store and asked what could be done. Ms. Rannels said that Mr. Winston has been a strong and valuable advocate for WETA and ferry service from the beginning. She added that the store was a private run business that WETA had subsidized for the last ten years through a monthly stipend and sales commissions on ticket sales. She noted that while the majority of WETA ferry tickets sold today were not sold through the Bay Crossings Store, there was value to WETA's customers in having a ferry ticket outlet at the San Francisco Ferry Building. She offered that staff could work with Mr. Winston to identify measures that could be taken to address the situation this fiscal year (June 2016), and suggested that a consolidated regional approach with MTC should be pursued to address the situation holistically in future years.

Chair Breckenridge said the item was an informational item to bring to the attention of the Directors, and said that the issue would be revisited. Director DelBono asked Mr. Winston how he planned to

address the continued loss of revenue with increased Clipper Card usage, and Mr. Winston said he would be fine because he had diversified funding. Mr. Winston said he was confident that MTC would support the store in perpetuity and added that WETA funding was a way for WETA to pay for its share of ferry rider use of the Bay Crossings store.

Vice Chair Wunderman recommended that a meeting be set with Mr. Winston, WETA and MTC to discuss how to solve the dilemma of the store's revenue losses. Chair Breckenridge said that Ms. Rannells had already reached out to MTC and was working on setting up a meeting to discuss an approach to this issue for next fiscal year. Director Donovan asked that the item be revisited at the next Board meeting and staff acknowledged that they would bring back an item for Board consideration.

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

PUBLIC COMMENT

Mr. Nayman of Tideline Marine Group shared an overview of Tideline's water taxi services and said that one size does not fit all transportation needs. He said Tideline had been engaging with senior leadership about complementing the service offered by WETA and noted that Tideline had long term landing rights on all Port of San Francisco property. He said he would like to continue the dialog with WETA to find a way to provide the kinds of service Bay Area residents wanted and said he hoped to find a way to work together.

PUBLIC COMMENT

Charlie Bogue of Wind & Wing Technologies asked if there had been any updates to the language for the new Richmond vessel Request for Proposal (RFP) to include alternative propulsion options. Ms. Rannells explained that the RFP had not yet been written and that WETA was looking at its operational requirements and available technologies to determine what would be going into that RFP. Vice Chair Wunderman said funding was available for reducing emissions and that it was important to keep that in mind with each vessel purchase. Chair Breckenridge said discussions were underway with alternative technology companies and that green options had and would continue to be discussed and explored.

Vice Chair Wunderman said that Google and Facebook had continued to express interest in having ferry service to the South Bay and asked when that opportunity would be revisited. Chair Breckenridge clarified that the current system would hit maximum capacity in less than three years and emphasized that the present focus was to assure current service offerings could continue. She said the writing of the WETA Strategic Plan was in process and that it would provide the framework for how to approach expansion, including the feasibility of adding new service on a South Bay route. She added that as an entity, WETA was just now beginning to recover from the transitional plan mandates imposed on it when it transitioned from WTA to WETA. Director DelBono reiterated that the anticipated final Strategic Plan would assist in future expansion considerations. Vice Chair Wunderman added that fifty-five percent of the Bay Area's gross domestic product (GDP) was being generated in the South Bay and emphasized the importance of providing water transportation to the region. He said the large South Bay employers would likely have interest in providing funding to support expansion since they were already funding their private shuttle buses.

Chair Breckenridge said engagement with the South Bay transportation community and the large employers there would continue and that consideration of service expansion there would be assisted with the WETA Strategic Plan, a first draft of which was expected to be presented to the Board in January. Vice Chair Wunderman asked for clarity on the process of the Strategic Plan adoption. Chair Breckenridge said as was done with the first few informal drafts, the Plan would be reviewed in a public forum and feedback would be solicited from both the public and the Directors in the process of formalizing and ultimately adopting a final version. Director Intintoli added that WETA had not had a full Board of Directors for a long time and that the Strategic Plan work had begun during that time but that the final version and its formal adoption timing was ideal since there was now a full Board to participate

in the process. He recommended that the Board be able to focus solely on the Plan's review for one full meeting without distraction from other items and Chair Breckenridge agreed.

13. ADJOURNMENT

All business having been concluded, the meeting was adjourned at 3:52 p.m.

Respectfully Submitted,

Board Secretary

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Release of a Request for Proposals for Insurance and Brokerage Services

Recommendation

Authorize release of a Request for Proposals (RFP) for insurance and brokerage services to assist WETA in obtaining property and liability insurance coverage.

Background

WETA currently holds policies for liability which includes commercial, marine and terminal operators liability; hired and non-owned automobile liability; public officials and employment practices liability; and property insurance. Since April 2010, these insurance coverages were provided through Wells Fargo Insurance Services and Alliant Insurance Services. For FY 2015/16, the annual premium for all policies totaled \$175,000.

Discussion

With this RFP, WETA seeks to secure the services of an insurance broker(s) with expertise in maritime, marine construction and public transit experience to assist with the following:

- Identify insurance requirements and appropriate levels and areas of coverage;
- Prepare insurance specifications consistent with exposures to loss presented by the activities contemplated;
- Provide general risk management advice; and
- Obtain appropriate property and liability insurance.

Staff anticipates releasing the RFP in January and being in a position to bring forward a recommendation for award in April 2016.

Fiscal Impact

There is no fiscal impact associated with the release of the RFP. Funding for insurance and brokerage services and policies is included in the FY 2015/16 budget and will be included in the FY 2016/17 general and administration operating and ferry service operating budgets to support this work effort.

END

MEMORANDUM

TO: Board Members

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

**SUBJECT: Authorize Release of a Request for Proposals for Construction
Management Services for the Richmond Ferry Terminal Project**

Recommendation

Authorize release of a Request for Proposals (RFP) for construction management services for the Richmond Ferry Terminal project.

Background

The Richmond Ferry Terminal project is being developed to provide a terminal facility for new ferry service between the City of Richmond and Downtown San Francisco. The new terminal facility will be located at the southern point of the Ford Peninsula adjacent to the Ford Building. The terminal will include a landing, gangway, passenger float, ramping system, and piles. Landside project components include vehicle and bicycle parking improvements and a terminal entry gate. The project also includes public access improvements to the Bay Trail and installation of a new kayak launch in Marina Bay to replace an existing launch that is proposed to be removed as part of the project.

The Richmond Ferry Terminal project is in the design and permitting phase. In August 2014, the WETA Board adopted a Mitigated Negative Declaration and Mitigation Monitoring and Reporting Program for the project, fulfilling requirements of the California Environmental Quality Act (CEQA). The Federal Transit Administration (FTA) completed its review of the project under the National Environmental Protection Act (NEPA) in October 2015.

Staff is working to develop and bring forward several action items required to move this project forward in the next several months. These include:

- Developing a lease agreement with the City of Richmond for the project site;
- Completing the preliminary design and developing specifications for the construction RFP; and
- Securing a construction management firm to help manage project development and construction of the terminal.

Discussion

This item requests Board authorization to release a RFP to provide construction management services in support of the Richmond Ferry Terminal project. The firm selected for this work would serve as “owner’s representative” providing oversight and support during the pre-construction project development, project construction, and project closeout phases. This work would include early project development tasks such as coordination with the owner’s design consultant and support in the development of

construction bid documents, work to support award of a Design-Build contract and, ultimately, monitoring the construction contractor's performance against contract requirements, processing and assuring accuracy of monthly invoices, overseeing safety and contractor compliance with environmental safeguards, inspection and testing services during construction, and project closeout.

Fiscal Impact

Issuance of this RFP does not commit WETA to an expenditure of funds for this work at this point. Staff expects to be in a position to return to the Board with a recommendation for contract award in spring 2016.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Accept the Independent Auditor's Annual Financial Reports for the Fiscal Year 2014/15

Recommendation

Accept the Independent Auditor's Annual Financial Reports for the year ending June 30, 2015, as submitted by Maze & Associates, including the following:

- a. The Memorandum on Internal Control
- b. Basic Financial Statements
- c. Single Audit Report
- d. Measure B Compliance Report
- e. Measure BB Compliance Report

Background

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

Discussion

The Annual Financial Reports for the fiscal year ending June 30, 2015, issued by Maze and provided for Board acceptance are comprised of the following:

- 1) The Memorandum on Internal Control
- 2) Basic Financial Statements
- 3) Single Audit Report
- 4) Measure B Compliance Report.
- 5) Measure BB Compliance Report

Memorandum on Internal Control

The Memorandum on Internal Control, provided as **Attachment A**, communicates such topics as the auditor's responsibilities under generally accepted auditing standards, overview of the planned scope of the audit, and significant findings from the audit. In accordance with Statement of Auditing Standards No. 114 (*The Auditor's Communication with Those Charged with Governance*), the independent auditors are required to communicate significant findings and issues related to an audit. No material deficiencies were identified as a result of the audit.

Basic Financial Statements

The Basic Financial Statements are provided as **Attachment B** to this report. These include an Independent Auditor's Report, Management Discussion and Analysis and Basic Financial Statements for the year ending June 30, 2015. The Independent Auditor's Report provides the opinion that WETA's basic financial statements present fairly in all material respects the financial position of the agency at June 30, 2015, and the respective results of its operations

and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Single Audit Report

The Single Audit, provided as **Attachment C**, is a required examination of an entity that expends \$500,000 or more of Federal awards in a single year. This report includes a schedule of expenditures of federal awards and a report on internal controls and compliance related to the federal expenditures. Maze has audited the compliance of WETA with respect to the types of compliance requirements described in OMB Circular A-133 (*Compliance Supplement*) that are applicable to each of the major federal programs providing funding. It is Maze's opinion that WETA complied, in all material respects, with the requirements applicable to the federal program for the year ended June 30, 2015

Measure B and Measure BB Compliance Reports

The Measure B (MB) and Measure BB (MBB) Compliance Reports, provided as **Attachment D and Attachment E respectively**, are required of WETA in relation to the receipt of Alameda County MB and MBB funds in FY 2014/15. These reports include the financial statements for WETA's MB and MBB funds and compliance opinion of the funds received and used, including plans and reports of expenditures. Maze has audited the compliance of WETA with respect to requirements related to these funds as specified in the Master Programs Funding Agreements between WETA and the Alameda County Transportation Commission. It is Maze's opinion that WETA complied, in all material respects, with the requirements applicable to MB and MBB funds for the year ended June 30, 2015.

Representatives of Maze & Associates will be in attendance at the meeting to present the financial reports.

Fiscal Impact

There is no fiscal impact associated with this information report.

END

Attachment A

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

**FOR THE YEAR ENDED
JUNE 30, 2015**

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SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For the Year Ended June 30, 2015

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MEMORANDUM ON INTERNAL CONTROL

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

In planning and performing our audit of the basic financial statements of San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2015, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing our audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

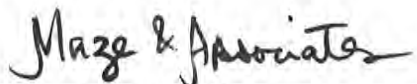
A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

Management's written responses included in this report have not been subjected to the audit procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities, and is not intended to be and should not be used by anyone other than these specified parties.

A handwritten signature in black ink that reads 'Maze & Associates' in a cursive, flowing script.

Pleasant Hill, California
November 13, 2015

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

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

The following comment represents new pronouncements taking affect next fiscal year 2015-2016. We have cited them here to keep you abreast of developments:

2015-01: GASB 72 – Fair Value Measurement and Application

This Statement addresses accounting and financial reporting issues related to fair value measurements. The definition of *fair value* is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. This Statement provides guidance for determining a fair value measurement for financial reporting purposes. This Statement also provides guidance for applying fair value to certain investments and disclosures related to all fair value measurements.

Fair Value Measurement

Fair value is described as an exit price. Fair value measurements assume a transaction takes place in a government's principal market, or a government's most advantageous market in the absence of a principal market. The fair value also should be measured assuming that general market participants would act in their economic best interest. Fair value should not be adjusted for transaction costs.

This Statement establishes a hierarchy of inputs to valuation techniques used to measure fair value. That hierarchy has three levels. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities. Level 2 inputs are inputs—other than quoted prices—included within Level 1 that are observable for the asset or liability, either directly or indirectly. Finally, Level 3 inputs are unobservable inputs, such as management's assumption of the default rate among underlying mortgages of a mortgage-backed security.

Fair Value Application

This Statement generally requires investments to be measured at fair value. An *investment* is defined as a security or other asset that (a) a government holds primarily for the purpose of income or profit and (b) has a present service capacity based solely on its ability to generate cash or to be sold to generate cash. Investments not measured at fair value continue to include, for example, money market investments, 2a7-like external investment pools, investments in life insurance contracts, common stock meeting the criteria for applying the equity method, unallocated insurance contracts, and synthetic guaranteed investment contracts. A government is permitted in certain circumstances to establish the fair value of an investment that does not have a readily determinable fair value by using the net asset value per share (or its equivalent) of the investment.

This Statement requires measurement at acquisition value (an entry price) for donated capital assets, donated works of art, historical treasures, and similar assets and capital assets received in a service concession arrangement. These assets were previously required to be measured at fair value.

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

SCHEDULE OF OTHER MATTERS

Fair Value Disclosures

This Statement requires disclosures to be made about fair value measurements, the level of fair value hierarchy, and valuation techniques. Governments should organize these disclosures by type of asset or liability reported at fair value. It also requires additional disclosures regarding investments in certain entities that calculate net asset value per share (or its equivalent).

How the Changes in This Statement Improve Financial Reporting

The requirements of this Statement will enhance comparability of financial statements among governments by requiring measurement of certain assets and liabilities at fair value using a consistent and more detailed definition of fair value and accepted valuation techniques. This Statement also will enhance fair value application guidance and related disclosures in order to provide information to financial statement users about the impact of fair value measurements on a government's financial position.

Management Response: The Authority will implement GASB 72 for the fiscal year ending June 30, 2016.

2015-02: GASB 76 - The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments

Issued in June 2015, the objective of this Statement is to identify—in the context of the current governmental financial reporting environment—the hierarchy of generally accepted accounting principles (GAAP). The “GAAP hierarchy” consists of the sources of accounting principles used to prepare financial statements of state and local governmental entities in conformity with GAAP and the framework for selecting those principles. This Statement reduces the GAAP hierarchy to two categories of authoritative GAAP and addresses the use of authoritative and nonauthoritative literature in the event that the accounting treatment for a transaction or other event is not specified within a source of authoritative GAAP. This Statement supersedes Statement No. 55, The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2015, and should be applied retroactively. Earlier application is permitted.

How the Changes in This Statement Improve Financial Reporting

The requirements in this Statement improve financial reporting by (1) raising the category of GASB Implementation Guides in the GAAP hierarchy, thus providing the opportunity for broader public input on implementation guidance; (2) emphasizing the importance of analogies to authoritative literature when the accounting treatment for an event is not specified in authoritative GAAP; and (3) requiring the consideration of consistency with the GASB Concepts Statements when evaluating accounting treatments specified in nonauthoritative literature. As a result, governments will apply financial reporting guidance with less variation, which will improve the usefulness of financial statement information for making decisions and assessing accountability and enhance the comparability of financial statement information among governments.

Management Response: The Authority will implement GASB 76 for the fiscal year ending June 30, 2016.

REQUIRED COMMUNICATIONS

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

We have audited the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) for the year ended June 30, 2015. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards and, *Government Auditing Standards* and OMB Circular A-133.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by San Francisco Bay Area Water Emergency Transportation Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year, except as follows:

GASB Statement No. 68 – *Accounting and Financial Reporting for Pensions, an Amendment of GASB Statement No. 27*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for pensions. This Statement replaces the requirements of Statement No. 27, *Accounting for Pensions by State and Local Governmental Employers*, as well as the requirements of Statement No. 50, *Pension Disclosures*, as they relate to pensions that are provided through pension plans administered as trusts or equivalent arrangements that meet certain criteria. The requirements of Statements 27 and 50 remain applicable for pensions that are not covered by the scope of this Statement.

This Statement establishes standards for measuring and recognizing liabilities, deferred outflows of resources, and deferred inflows of resources, and expense/expenditures. For defined benefit pensions, this Statement identifies the methods and assumptions that should be used to project benefit payments, discount projected benefit payments to their actuarial present value, and attribute that present value to periods of employee service.

Note disclosure and required supplementary information requirements about pensions also are addressed. Distinctions are made regarding the particular requirements for employers based on the number of employees whose employees are provided with pensions through the pension plan and whether pension obligations and pension plan assets are shared.

In addition, this Statement details the recognition and disclosure requirements for employers with liabilities (payables) to a defined benefit pension plan and for employers whose employees are provided with defined contribution pensions. This Statement also addresses circumstances in which a nonemployer entity has a legal requirement to make contributions directly to a pension plan.

The pronouncement became effective, and as disclosed in Note 2E to the financial statements required a prior period adjustment for the cumulative effect on the financial statements.

GASB Statement No. 71 – Pension Transition for Contributions Made Subsequent to the Measurement Date, an Amendment of GASB Statement No. 68

The objective of this Statement is to address an issue regarding application of the transition provisions of Statement No. 68, Accounting and Financial Reporting for Pensions. The issue relates to amounts associated with contributions, if any, made by a state or local government employer or nonemployer contributing entity to a defined benefit pension plan after the measurement date of the government's beginning net pension liability.

This Statement amends paragraph 137 of Statement 68 to require that, at transition, a government recognize a beginning deferred outflow of resources for its pension contributions, if any, made subsequent to the measurement date of the beginning net pension liability. Statement 68, as amended, continues to require that beginning balances for other deferred outflows of resources and deferred inflows of resources related to pensions be reported at transition only if it is practical to determine *all* such amounts.

The provisions of this Statement are required to be applied simultaneously with the provisions of Statement 68.

The pronouncement became effective, and as disclosed in Note 2E to the financial statements required a prior period adjustment for the cumulative effect on the financial statements.

Unusual Transactions, Controversial or Emerging Areas

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

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

Estimated Net Pension Liabilities and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension liabilities and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Association. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Liability: Management's estimate of the net OPEB liability is disclosed in Note 10 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimate of Compensated Absences: Accrued compensated absences which are comprised of accrued vacation and certain other compensating time is estimated using accumulated unpaid leave hours and hourly pay rates in effect at the end of the fiscal year as disclosed in Note 2C to the financial statements. We evaluated the key factors and assumptions used to develop the accrued compensated absences and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

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

Difficulties Encountered in Performing the Audit

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

Corrected and Uncorrected Misstatements

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

Disagreements with Management

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

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 13, 2015.

Management Consultations with Other Independent Accountants

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

Other Audit Findings or Issues

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

Other Matters

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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

Maze & Associates

Pleasant Hill, California
November 13, 2015

Attachment B

**SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2015**

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2015, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Pronouncements, which became effective during the year ended June 30, 2015 that required a prior period adjustment to the financial statements, as discussed in Note 2E to the financial statements:

- Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27.*
- Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68.*

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

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that Management's Discussion and Analysis, Schedule of Changes in Net Pension Liability and Related Ratios, Schedule of Contributions and Schedule of Funding Progress be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015, on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.



Pleasant Hill, California
November 13, 2015

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) activities and financial performance provides an introduction to the financial statements of the Authority for the fiscal year ended June 30, 2015. The information presented herein should be considered in conjunction with the accompanying financial statements.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

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

Statement of Activities—presents revenues, expenses and changes in net assets for the fiscal year. It differs from the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash inflows and outflows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position. The Authority's assets exceeded liabilities by \$154,271 million at June 30, 2015, a \$19.7 million or 15% increase from June 30, 2014.

The following is a summary of the Authority's net position as of June 30, 2015 and 2014 along with a discussion of some of the most significant balances (in thousands):

	<u>2015</u>	<u>2014</u>
Assets:		
Current and other assets	\$143,436	\$130,607
Capital assets	138,763	118,626
Total assets	<u>\$282,199</u>	<u>\$249,233</u>
Deferred Outflows of Resources:		
Pension	\$794	\$0
Total deferred outflows of resources	<u>\$794</u>	<u>\$0</u>
Liabilities:		
Current liabilities	\$5,544	\$6,147
Unearned/deferred revenue	121,542	107,856
Other noncurrent liabilities	93	77
Collective net pension liability	749	-
Total liabilities	<u>\$127,928</u>	<u>\$114,080</u>
Deferred Inflows of Resources:		
Pension	\$220	\$0
Total deferred inflows of resources	<u>\$220</u>	<u>\$0</u>
Net Position:		
Invested in capital assets, net of related debt	\$138,763	\$118,626
Restricted	5,112	5,409
Unrestricted	10,971	11,118
Total net assets	<u>\$154,846</u>	<u>\$135,153</u>

The largest portion of the Authority's net position (90%) represents its investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide services to its passengers. Net assets invested in capital assets increased by 17% during the year.

An additional portion of the Authority's net position (3%), Restricted net position, represents resources that are subject to external restrictions imposed by grantors and contributors that restrict the use of net assets, decreased \$0.3 million during the year. The remaining Unrestricted net position (7%) may be used to meet ongoing obligations.

The Authority adopted the provisions of GASB Statement No. 68 (GASB 68) and Statement No. 71 (GASB 71), which became effective during the fiscal year ended June 30, 2015. The implementation of GASB 68 requires the recognition of the Authority's net pension liability measured as of June 30, 2014. Pension contributions made in FY2014/15 are recognized as a deferred outflow of resources. GASB 68 also requires the recognition of deferred inflows of resources for changes in the Authority's net pension liability that arises from other types of events. As a result, certain June 30, 2015 balances, including Deferred outflow of resource and Deferred inflow of resources, at June 30, 2015 are not comparable to the balances at June 30, 2014.

FISCAL YEAR 2015 FINANCIAL HIGHLIGHTS

- Fare revenues increased by \$0.8 million or 6% (\$13.9 million in 2015 compared to \$13.1 million in 2014). This increase was attributed to the 8% increase in total ridership.
- Operating expenses, before depreciation, increased from \$28.1 million in 2014 to \$28.7 million in 2015, an increase of \$0.6 million. This increase was primarily attributed to the additional costs associated with providing enhanced ferry service schedules in 2015. The enhanced schedules were approved by the Authority's Board of Directors in April 2014 to meet growing ridership demands.
- Non-operating revenues decreased to \$15.1 million in 2015 as compared to \$15.8 million in 2014. This decrease was primarily due to the total 2015 Alameda Measure B (MB) expenditures exceeding total program distributions by \$1.2 million, which required the use of prior year's non-operating revenues.
- Total Assets increased by \$33.0 million (\$282.2 million in 2015 compared to \$249.2 million in 2014) and total Liabilities increased by \$13.9 million (\$127.9 million in 2015 compared to \$114.0 million in 2014), resulting in an increase of total Net Assets of \$19.6 million (\$154.8 million in 2015 compared to \$135.2 million in 2014).

PROGRAM INITIATIVES AND OUTLOOK

On July 10, 2014, the Authority's Board of Directors approved a contract award for the waterside construction of the North Bay Operations and Maintenance Facility and the construction of the Regional Spare Float to Dutra Construction Co., Inc. in an amount not-to-exceed \$15.7 million.

On September 4, 2014, the Authority's Board of Directors approved the FY2015-2020 Fare Program which included the launch of Clipper and discontinued sale of ticket book and day pass products for the Vallejo ferry service, and the implementation of annual fare increases starting in FY2016.

A Notice of Availability for the Final Environmental Impact Study/Environmental Impact Report (EIS/EIR) and FTA's Record of Decision for the Downtown San Francisco Ferry Terminal Expansion project were published in the Federal Register in September 2014. On October 2, 2014, the Authority's Board of Directors certified the Final EIS/EIR, representing the completion of the environmental review process for the project.

On March 6, 2015, the Authority executed a Cooperative Agreement with Contra Costa Transportation Authority (CCTA) to provide operational subsidy for ferry service between Richmond and San Francisco. The Richmond ferry service is anticipated to begin winter 2018.

On March 17, 2015, the Alameda City Council approved final passage of an ordinance authorizing the City to execute a 60-year lease agreement and temporary right of entry permit with WETA for Central Bay Operations and Maintenance Facility project.

On April 2, 2015, the Authority award a \$32.0 million contract to Vigor Kvichak, LLC for the design-build construction of two vessels to replace the *Encinal* and *Express II*.

In May 2015, the Authority executed a Memorandum of Understanding with the Port of San Francisco defining roles and responsibilities for the Downtown San Francisco Ferry Terminal Expansion project design and development.

During 2015, the Authority expended \$27.3 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- North Bay Operations and Maintenance Facility (\$12.8 million).
- Phase I Refurbishment of the *Peralta* (\$3.4 million).
- Replacement Vessels – *Encinal* & *Express II* (\$3.2 million).
- Central Bay Operations and Maintenance Facility (\$2.0 million).
- East Bay Ferry Terminal Improvements (\$2.0 million).
- Regional Spare Float Replacement (\$1.4 million)
- Engine Overhaul – Gemini Class Vessels (\$778,000)
- Downtown S.F. Ferry Terminal Expansion – (\$688,000).

The Authority will continue its efforts to support the management, operation and marketing of the four San Francisco Bay Ferry Routes: Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco and Vallejo to San Francisco. Planning and administrative work will include updating the Authority's Strategic Plan, including development of service policies, initiatives and exploration of potential new sites. The Authority will also update the Short Range Transit Plan (10 years), participate in the Metropolitan Transportation Commission's (MTC) Plan Bay Area 2040 long range (20 + years) transportation plan development, update the Authority's Emergency Water Transportation System Management Plan and Emergency Operation Plan and develop an integrated operations information database.

CONTACTING WETA'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, creditors and interested parties with a general overview of the Authority's finances. Questions or additional information about these statements should be directed to San Francisco Bay Area Water Emergency Transportation Authority, at 9 Pier, Suite 111, San Francisco, CA 94111.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2015

ASSETS

Current Assets	
Cash and cash equivalents (Note 3)	\$132,979,223
Receivables:	
Accounts	7,552,367
Interest	16,739
Security deposit	56,552
Inventory	756,631
Prepaid expenses	<u>2,074,439</u>
Total Current Assets	<u>143,435,951</u>
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	42,277,694
Depreciable capital assets, net	
Ferries	56,381,100
Terminal development rights	3,260,773
Floats, piers and gangways	10,313,611
Ferry terminal and facilities	25,856,404
Equipment and service vehicles	<u>673,882</u>
Total Capital Assets	<u>138,763,464</u>
Total Noncurrent Assets	<u>138,763,464</u>
Total Assets	<u>282,199,415</u>

DEFERRED OUTFLOWS

Deferred outflows related to pensions (Note 9):	<u>793,804</u>
Total Deferred Outflows	<u>793,804</u>

LIABILITIES

Current Liabilities	
Accounts payable	3,638,422
Other accrued liabilities	1,815,830
Compensated absences (Note 2C)	<u>89,699</u>
Total Current Liabilities	<u>5,543,951</u>
Noncurrent Liabilities	
Compensated absences (Note 2C)	93,326
Unearned revenue - Prop 1B (Note 5C)	119,276,399
Unearned revenue - State Appropriations (Note 5A)	2,265,109
Collective net pension liability (Note 9)	<u>748,940</u>
Total Noncurrent Liabilities	<u>122,383,774</u>
Total Liabilities	<u>127,927,725</u>

DEFERRED INFLOWS

Deferred inflows related to pensions (Note 9):	<u>219,575</u>
Total Deferred Inflows	<u>219,575</u>

NET POSITION (Note 8)

Net investment in capital assets	138,763,464
Restricted	5,111,862
Unrestricted	<u>10,970,593</u>
Total Net Position	<u>\$154,845,919</u>

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2015

OPERATING REVENUES

Farebox revenue	\$13,924,922
Total Operating Revenues	13,924,922

PROGRAM OPERATING EXPENSES

Personnel costs	1,738,674
Purchased transportation	19,690,735
Administrative expenses	5,091,631
Legal and consulting	1,660,171
Insurance premiums	523,665
Depreciation (Note 4)	7,200,756
Total Program Operating Expenses	35,905,632

OPERATING LOSS (21,980,710)

NONOPERATING REVENUES (EXPENSE)

Intergovernmental receipts	15,085,795
Interest income	26,857
Other revenue	1,163
Total Nonoperating Revenues	15,113,815

CAPITAL GRANTS 27,337,941

CHANGE IN NET POSITION 20,471,046

NET POSITION - BEGINNING, AS ADJUSTED (NOTE 2E) 134,374,873

NET POSITION - ENDING \$154,845,919

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2015

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$13,924,922
Payments to vendors and consultants	(26,811,484)
Payments to or on behalf of employees	<u>(2,330,522)</u>
Net cash flows from (used for) operating activities	<u>(15,217,084)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	<u>11,198,965</u>
Net cash flows from noncapital and related financing activities	<u>11,198,965</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	41,023,948
Payments for capital assets	<u>(27,337,941)</u>
Net cash flows from capital and related financing activities	<u>13,686,007</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest collections	<u>17,649</u>
Net cash flows from investing activities	<u>17,649</u>
Net cash flows	9,685,537

Cash and cash equivalents- beginning of year	<u>123,293,686</u>
Cash and cash equivalents - end of year	<u><u>\$132,979,223</u></u>

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

Operating loss	(\$21,980,710)
Depreciation	7,200,756
Decrease (increase) in due to retirement liability	(603,888)
Change in assets and liabilities:	
Security deposits	786
Inventory	18,984
Prepaid expenses	733,966
Accounts payable	(1,500,493)
Other accrued liabilities	901,475
Compensated absences	<u>12,040</u>
Net cash flows from (used for) operating activities	<u><u>(\$15,217,084)</u></u>

See accompanying notes to financial statements

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 1 – REPORTING ENTITY

The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is the regional water transportation planning and operating agency for the San Francisco Bay Area. It was established by the California State Legislature on October 14, 2007. The Authority was designated by the State Legislature to plan and operate new and existing Alameda and Vallejo ferry services and coordinate the emergency activities of all water transportation and related facilities within the Bay Area region.

The Authority is governed by a Board of Directors comprised of appointees from the California State Governor's Office, the State Assembly, and the State Senate subcommittees. The Board, consisting of 5 members, is responsible for general operations of the Authority, reviewing and approving the annual budget, approving future contractual agreements with vendors, and appointment of the Executive Director.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary entity (the Authority). These statements include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's business-type activities. Program Operating Expenses are those that are specifically associated with a program or function. Nonoperating Revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as Nonoperating Revenues are presented as Operating Revenues.

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Grant reimbursements are recognized in the period the grant expenditures are made. Expenditures in excess of reimbursement are recorded as receivables if allowable under the grant, while excess reimbursements are recorded as deferred revenues.

C. Compensated Absences

Compensated absences comprise vacations and administration leave and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in compensated absences were as follows:

Balance at June 30, 2014	\$170,985
Additions	236,802
Payments	<u>(224,762)</u>
Balance at June 30, 2015	183,025
Due within one year	<u>89,699</u>
Due in more that one year	<u><u>\$93,326</u></u>

D. Estimates

The Authority's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Prior Period Adjustments

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statements, which became effective during the year ended June 30, 2015.

GASB Statement No. 68 – In June 2012, GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement No. 27*. The intention of this Statement is to improve the decision-usefulness of information in employer and governmental non-employer contributing entity financial reports and enhance its value for assessing accountability and inter-period equity by requiring recognition of the entire net pension liability and a more comprehensive measure of pension expense.

GASB Statement No. 71 – In 2014, GASB issued Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date—an amendment of GASB Statement No. 68*. The intention of this Statement is to eliminate the source of a potential significant understatement of restated beginning net position and expense in the first year of implementation of Statement 68 in the accrual-basis financial statements of employers and non-employer contributing entities.

The implementation of the above Statements required the Authority to make prior period adjustments. As a result, the beginning net position of the Business-Type Activities of the Authority was reduced by \$778,599. See Note 9 for additional information.

NOTE 3 - CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

Cash and investments are recorded at fair value, which is the same as fair market value. The Authority's cash and investments were composed of cash in banks and the California Local Agency Investment Fund (LAIF), each of which is described below.

Cash and investments comprised of the following at June 30, 2015:

Cash and Investments:	
Cash in Bank	\$2,185,041
Cash in Bank for Prop 1B and Measure B	123,213,621
Local Agency Investment Fund	<u>7,580,561</u>
Total Cash and Investments	<u><u>\$132,979,223</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3 - CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the Authority

The California Government Code allows the Authority to invest in the following types of investments.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U. S. Treasury Bonds, Notes and Bills	5 years	N/A	No Limit	No Limit
U.S. Government Agency Securities and Government Sponsored Enterprise Agencies	N/A	N/A	No Limit	No Limit
State Obligations	5 years	N/A	No Limit	No Limit
Local Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Non-negotiable Certificates of Deposit	5 years	N/A	No Limit	No Limit
Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper	270 Days	A-1	25%	10%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	\$50,000,000 per account	\$50,000,000 per account
Local Agency Bonds	5 years	N/A	No Limit	No Limit
Placement Service Deposits	5 years	N/A	30%	No Limit
Placement Service Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
Securities				
Lending Agreements	92 days	N/A	20%	No Limit
Medium-Term Notes	5 years	A	30%	No Limit
Collateralized Bank Deposits	5 years	N/A	No Limit	No Limit
Mortgage Pass-Through Securities	5 years	A	20%	No Limit
County Pooled Investment Funds	N/A	N/A	No Limit	No Limit
Joint Powers Authority Pool	N/A	Multiple	No Limit	No Limit
Voluntary Investment Program Funds	N/A	N/A	No Limit	No Limit
Supranational Obligations	5 years	AA	30%	No Limit

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool is approximately 239 days.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 3 - CASH AND INVESTMENTS (Continued)

D. Credit

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. LAIF is not rated by a nationally recognized statistical rating organization.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

F. Local Agency Investment Fund

The Authority is a voluntary participant in LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value.

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Ferries	25 years
Ferry Terminal/Facilities	50 years
Terminal Development Rights	55 years

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity was as follows for the year ended June 30, 2015:

	Balance as of June 30, 2014	Additions	Transfers/ Adjustments	Balance as of June 30, 2015
Capital assets not being depreciated:				
Construction in progress	\$24,240,987	\$27,337,941	(\$9,301,234)	\$42,277,694
Total assets not being depreciated	<u>24,240,987</u>	<u>27,337,941</u>	<u>(9,301,234)</u>	<u>42,277,694</u>
Capital assets being depreciated:				
Ferries	70,329,069		6,606,343	76,935,412
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	9,387,677		2,364,437	11,752,114
Ferry terminal and facilities	28,668,061		68,505	28,736,566
Equipment and service vehicles	1,246,900		261,949	1,508,849
Total assets being depreciated	<u>113,291,707</u>		<u>9,301,234</u>	<u>122,592,941</u>
Less accumulated depreciation for:				
Ferries	(15,103,801)	(5,450,511)		(20,554,312)
Terminal development rights	(332,682)	(66,545)		(399,227)
Floats, piers and gangways	(960,445)	(478,058)		(1,438,503)
Ferry terminal and facilities	(1,902,365)	(977,797)		(2,880,162)
Equipment and service vehicles	(607,122)	(227,845)		(834,967)
Total accumulated depreciation	<u>(18,906,415)</u>	<u>(7,200,756)</u>		<u>(26,107,171)</u>
Net capital assets being depreciated	<u>94,385,292</u>	<u>(7,200,756)</u>	<u>9,301,234</u>	<u>96,485,770</u>
Capital Assets, Net	<u>\$118,626,279</u>	<u>\$20,137,185</u>		<u>\$138,763,464</u>

NOTE 5 – MAJOR FUNDING SOURCES

A. State Appropriation

The Authority received a single \$12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, the Senate bill stated that the Water Transit Authority's funds will be transferred to the Authority. As of June 30, 2015, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of June 30, 2015	<u>(9,741,395)</u>
Unearned appropriation as of beginning of period	2,258,605
Fiscal year 2015:	
Interest income	<u>6,504</u>
Unearned appropriation as of period end	<u>\$2,265,109</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

B. Bridge Tolls

Regional Measure 1 (RM1) - In November 1988, Bay Area voters approved Regional Measure 1 (RM1), which authorized a standard auto toll of \$1 for all seven state-owned Bay Area toll bridges. The additional revenues generated by the toll increase were identified for use for congestion-relieving transit operations and capital projects in the bridge corridors. The Authority receives the portion of RM1 funding intended for transit operation and ferry capital projects. As of June 30, 2015, the Authority expended a total of \$354,491 for capital. The Authority received \$0 in cash and had a receivable balance of \$354,491.

Regional Measure 2 (RM2) - On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by \$1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. The Authority was allocated \$18,257,500 to be used for operations in the fiscal year 2014-15 and \$12,175,000 to be used for capital. As of June 30, 2015, the Authority has expended total current allocated operating funds of \$15,382,683 and an additional \$1,104,010 of current and previously allocated capital funds. The Authority received \$14,382,442 in cash and had a receivable balance of \$2,104,251.

AB664 - The AB 664 Net Toll Revenue Reserves are named for the 1975 enabling legislation that established the reserves. Funds are collected from the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay bridges and are used to fund capital projects that further the development of public transit in the vicinity of the bridges. Most AB 664 funding is programmed to various transit agencies as a match for federal funds to cover the cost of replacing buses and improving capital facilities. As of June 30, 2015, the Authority had expended total allocated funds of \$475,817, had received \$174,147 in cash and had a receivable balance of \$301,670.

C. Proposition 1B (CTSGP-RPWT) Projects

Pursuant to State Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the Bay Area region. As of June 30, 2015, the Authority had been awarded \$150 million in Proposition 1B allocations.

Assembly Bill 1203 (AB 1203), chaptered into law on October 11, 2009, provided clarifying language that allow the Authority to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received \$44,679,939. The Authority received an additional \$25 million in fiscal year 2010-11 and \$50 million in the fiscal year ended June 30, 2013, and \$25 million in fiscal year ended June 30, 2015. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

A summary of the Authority's Proposition 1B project for the fiscal year ended June 30, 2015 are as follows:

Project Name	Grant Allocations	Expended in Fiscal Year		Unearned Revenue at 06/30/15
		Prior years	2014-2015	
Preliminary Investigation & Environmental Review of Redwood City, Richmond, Antioch and Martinez	\$2,299,792	(\$988,054)	(\$232,855)	\$1,078,883
Final Design for Berkeley and Hercules Terminals	2,720,519	(216,736)	(3,783)	2,500,000
Berkeley Terminal and Vessel Construction	10,000,000			10,000,000
South San Francisco Terminal and Vessel Construction	9,617,037	(9,587,184)	(29,853)	
Maintenance Barge/Facility and Emergency Floats	15,250,000	(5,010,331)	(279,694)	9,959,975
Central Bay and North Bay Maintenance Facilities	45,112,652	(3,253,684)	(10,728,756)	31,130,212
San Francisco Berthing Expansion	30,000,000	(633,348)	(58,909)	29,307,743
WETA Ferry Vessels	30,000,000	(19,893)	(4,681)	29,975,426
East Bay Ferry Terminals	5,000,000			5,000,000
Total	<u>\$150,000,000</u>	<u>(\$19,709,230)</u>	<u>(\$11,338,531)</u>	118,952,239
Add interest earned in prior years				262,793
Add interest earned in current year				<u>61,367</u>
Unearned Revenues				<u>\$119,276,399</u>

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NOTE 5 – MAJOR FUNDING SOURCES (Continued)

D. Measure B and Measure BB Programs

Measure B was approved by the voters of Alameda County in 2000. This measure authorized a half-cent transportation sales tax to finance improvements to the County's mass transit and road improvements. Measure B funds are to be collected for a duration of 20 years; sales tax collection began on April 1, 2002 and will extend through March 31, 2022.

On November 4, 2014, the voters of Alameda County approved Measure BB, authorizing Alameda County Transportation Commission (CTC) to administer the proceeds from the extension of an existing one-half of one percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by one-half of one percent. The duration of the tax will be for 30 years from the initial year of collection, expiring on March 31, 2045. The tax proceeds will be used to pay for investments outlined in the 2014 Alameda County Transportation Expenditure Plan (2014 TEP).

The Authority uses Measure B and Measure BB funds for the maintenance and operations of the Alameda ferry services. During the fiscal year ended June 30, 2015, the Measure B and Measure BB program activity was as follows:

	<u>Measure B</u>	<u>Measure BB</u>
Program Revenues:		
Direct Local Program Distribution Allocation	\$962,587	\$125,391
Interest Earned	1,183	
Total Measure BB Revenues	<u>963,770</u>	<u>125,391</u>
Program Expenditures:		
Construction / Capital:		
Vessel Replacement - Express II	812,720	
Vessel Mid-Life Refurbishment - Peralta	637,339	
Gangway and Pier Rehabilitation - Alameda Terminals	584,112	
Vessel Mid-Life Refurbishment - Bay Breeze	77,368	
Total Direct Local Distribution Program Expenditures	<u>2,111,539</u>	
Revenue Over Expenditures/ Excess Net Change in Fund Balance	<u>(1,147,769)</u>	<u>125,391</u>
Fund Balance:		
Beginning Fund Balance	3,446,424	
Ending Fund Balance	<u>\$2,298,655</u>	<u>\$125,391</u>
Reserves:		
Capital Reserves	\$2,202,455	\$112,891
Undesignated Reserves	96,200	12,500
Unspent Funds as of the End of the Year:	<u>\$2,298,655</u>	<u>\$125,391</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

Measure B (MB) and Measure BB (MBB) Reserves - Pursuant to its agreement with the Alameda County Transportation Commission, the Authority is to expend MB and MBB funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the Authority. Specific reserves are described as follow:

Capital Fund Reserve -- The Authority may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of MB and MBB funds. The Authority may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2015, the Authority's Capital Fund Reserve amounted to \$2,315,345 and has been retained to fund the following capital projects related to the Alameda ferry services:

- Purchase Replacement Ferry Vessels
- Alameda Terminals Access Improvements

Operations Fund Reserve - The Authority may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from MB and MBB funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2015, the Authority has not established an Operations Fund Reserve.

Undesignated Fund Reserve - The Authority may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2015, the Authority has established an Undesignated Fund Reserve totaling \$108,700.

NOTE 6 – LEASE OBLIGATION

A. *Port of San Francisco*

The Authority and Port of San Francisco entered into a lease agreement on December 1, 2011. The agreement allows the Authority to lease three parcels for office space, nonexclusive apron space and the exclusive use of lay berth area for ferry berthing. The annual lease payment is \$244,170 and each parcel amount is subject to a 3% annual adjustment with a minimum adjustment of \$0.01 (1 cent). The lease expires on November 30, 2016.

B. *Lennar Mare Island, LLC*

The Authority and Lennar Mare Island entered into a lease agreement on April 22, 2013. The agreement allows the Authority to lease facilities for the purposes of continued ferry maintenance operations at the Temporary Ferry Facility Area and Permanent Ferry Facility Area. The Authority is obligated to make monthly payments for the Temporary Ferry Facility Area and Permanent Ferry Facility Area of \$9,000 and \$2,500, respectively. The Permanent Ferry Facility Area shall increase the monthly base rent by 2.5% over the prior year's base rent amount on an annual basis.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
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For the Year Ended June 30, 2015**

NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy covered at June 30, 2015:

Type of Coverage	Limit	Deductible
	\$1,000,000 to	
General liability	2,000,000	\$2,500
Workers compensation	1,000,000	N/A
Public officials management & Employment practices liability	3,000,000	15,000 to 20,000
Property - Direct physical loss or damage (excluding earthquake or flood)	300,000	1,000
Type of Coverage (related to Ferry Services)		
Marine commercial liability, Terminal operators liability and Auto liability	\$1,000,000 to \$2,000,000	2,500
Docks, pilings & ramps Pier 9, Harbor Bay, Main Street, Vallejo, Mare Island Terminals and Clay Street Float	19,430,200	10,000 to 20,000
South San Francisco Terminal	18,973,405	1,000
Excess marine liability	9,000,000	N/A

NOTE 8 – NET POSITION

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

Net Investment in Capital Assets is the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes unexpended Measure B revenues, unexpended Measure BB revenues and Alameda Local Property Tax/Assessments.

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

NOTE 9 – PENSION PLANS

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plans and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9 – PENSION PLANS (Continued)

A. General Information about the Pension Plans

Plan Descriptions – All qualified permanent and probationary employees are eligible to participate in the Authority’s separate Miscellaneous Employee Pension Plans, cost-sharing multiple employer defined benefit pension plans administered by the California Public Employees’ Retirement System (CalPERS). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees’ Retirement Law.

The Plans’ provisions and benefits in effect at June 30, 2015, are summarized as follows:

	Miscellaneous	
	Prior to January 1, 2013	On or after January 1, 2013
Hire date		
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	55	62
Monthly benefits, as a % of eligible compensation	2.50%	2.0%
Required employee contribution rates	7.89%	6%
Required employer contribution rates	16.82%	6%

Contributions – Section 20814(c) of the California Public Employees’ Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for both Plans are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2015, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous	
	Tier I	Tier II
Contributions - employer	\$740,125	\$7,268
Contributions - employee (paid by employer)	108,929	0

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EMERGENCY TRANSPORTATION AUTHORITY
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NOTE 9 – PENSION PLANS (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

As of June 30, 2015, the Authority reported net pension liabilities for its proportionate shares of the net pension liability of each Plan as follows:

	<u>Proportionate Share of Net Pension Liability</u>
Miscellaneous Tier I	\$748,932
Miscellaneous Tier II	<u>8</u>
Total Collective Net Pension Liability	<u><u>\$748,940</u></u>

The Authority's net pension liability for each Plan is measured as the proportionate share of the net pension liability. The net pension liability of each of the Plans is measured as of June 30, 2014, and the total pension liability for each Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2013 rolled forward to June 30, 2014 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plans relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for each Plan as of June 30, 2013 and 2014 was as follows:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>
Proportion - June 30, 2013	0.0299%	0.0000%
Proportion - June 30, 2014	0.0303%	0.0000%
Change - Increase (Decrease)	0.0004%	0.0000%

For the year ended June 30, 2015, the Authority recognized pension expense of \$92,812. At June 30, 2015, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Miscellaneous Tier 1 & Tier 2</u>	
	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Contributions made after the measurement date	\$747,393	\$0
Differences between actual and expected experience	0	0
Changes in assumptions	0	0
Net differences between projected and actual earnings on pension plan investments	0	217,492
Adjustments due to differences in proportion	<u>46,411</u>	<u>2,083</u>
Total	<u><u>\$793,804</u></u>	<u><u>\$219,575</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9 – PENSION PLANS (Continued)

\$747,393 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended June 30, 2016. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Year Ended	Miscellaneous Tier 1 & Tier 2
June 30	
2015	\$43,291
2016	43,291
2017	43,291
2018	43,291

Actuarial Assumptions – For the measurement period ended June 30, 2014, the total pension liabilities were determined by rolling forward the June 30, 2013 total pension liability. The June 30, 2013 and June 30, 2014 total pension liabilities were based on the following actuarial methods and assumptions:

	Miscellaneous Tier I & Tier II
Valuation Date	June 30, 2013
Measurement Date	June 30, 2014
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.5%
Inflation	2.75%
Projected Salary Increase	Depending on age, service and type of employment
Investment Rate of Return	7.5% (2)
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter
Mortality	Derived using CalPERS Membership Data for all Funds (2)

- (1) Net of pension plan investment and administrative expenses, including inflation
- (2) The mortality table used was developed based on CalPERS' specific data. The table includes 20 years of mortality improvements using Society of Actuaries Scale BB. For more details on this table, please refer to the CalPERS 2014 experience study report available on CalPERS' website.

All other actuarial assumptions used in the June 30, 2013 valuation were based on the results of a January 2014 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 9 – PENSION PLANS (Continued)

Discount Rate – The discount rate used to measure the total pension liability was 7.50% for each Plan. To determine whether the municipal bond rate should be used in the calculation of a discount rate for each plan, CalPERS stress tested plans that would most likely result in a discount rate that would be different from the actuarially assumed discount rate. Based on the testing, none of the tested plans run out of assets. Therefore, the current 7.50 percent discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.50 percent will be applied to all plans in the Public Employees Retirement Fund (PERF). The stress test results are presented in a detailed report that can be obtained from the CalPERS website.

According to Paragraph 30 of Statement 68, the long-term discount rate should be determined without reduction for pension plan administrative expense. The 7.50 percent investment return assumption used in this accounting valuation is net of administrative expenses. Administrative expenses are assumed to be 15 basis points. An investment return excluding administrative expenses would have been 7.65 percent. Using this lower discount rate has resulted in a slightly higher Total Pension Liability and Net Pension Liability. CalPERS checked the materiality threshold for the difference in calculation and did not find it to be a material difference.

CalPERS is scheduled to review all actuarial assumptions as part of its regular Asset Liability Management (ALM) review cycle that is scheduled to be completed in February 2018. Any changes to the discount rate will require Board action and proper stakeholder outreach. For these reasons, CalPERS expects to continue using a discount rate net of administrative expenses for GASB 67 and 68 calculations through at least the 2017-18 fiscal year. CalPERS will continue to check the materiality of the difference in calculation until such time as they have changed their methodology.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Such cash flows were developed assuming that both members and employers will make their required contributions on time and as scheduled in all future years. Using historical returns of all the funds' asset classes, expected compound geometric returns were calculated over the short-term (first 10 years) and the long-term (11-60 years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equivalent rate calculated above and rounded down to the nearest one quarter of one percent.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 – PENSION PLANS (Continued)

The table below reflects the long-term expected real rate of return by asset class. The rate of return was calculated using the capital market assumptions applied to determine the discount rate and asset allocation. These geometric rates of return are net of administrative expenses.

Asset Class	New Strategic Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47.0%	5.25%	5.71%
Global Fixed Income	19.0%	0.99%	2.43%
Inflation Sensitive	6.0%	0.45%	3.36%
Private Equity	12.0%	6.83%	6.95%
Real Estate	11.0%	4.50%	5.13%
Infrastructure and Forestland	3.0%	4.50%	5.09%
Liquidity	2.0%	-0.55%	-1.05%
Total	<u>100%</u>		

(a) An expected inflation of 2.5% used for this period.

(b) An expected inflation of 3.0% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Liability to Changes in the Discount Rate – The following presents the Authority’s proportionate share of the net pension liability for each Plan, calculated using the discount rate for each Plan, as well as what the Authority’s proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	<u>Miscellaneous Tier I</u>	<u>Miscellaneous Tier II</u>
1% Decrease	6.50%	-1.00%
Net Pension Liability	\$1,268,340	\$14
Current Discount Rate	7.50%	0.00%
Net Pension Liability	\$748,932	\$8
1% Increase	8.50%	1.00%
Net Pension Liability	\$317,872	\$2

Pension Plan Fiduciary Net Position – Detailed information about each pension plan’s fiduciary net position is available in the separately issued CalPERS financial reports.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS

The Authority follows the provisions of Governmental Accounting Standards Board Statement No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*. This Statement establishes uniform financial reporting standards for employers providing postemployment benefits other than pensions (OPEB).

By Board resolution, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

The Authority pays the minimum of PEMHCA community rated plans for retired employees' medical premiums, in which the benefits continue to the surviving spouse. The Authority will also provide a longevity stipend for retired employees who have at least 10 years of service, by paying up to the PERSCare single premium for single coverage only.

As of June 30, 2015, three participants were eligible to receive benefits.

A. *Funding Policy and Actuarial Assumptions*

The annual required contribution (ARC) was determined as part of the June 2013 actuarial valuation using the entry age normal actuarial cost method. This is a projected benefit cost method, which takes into account those benefits that are expected to be earned in the future as well as those already accrued. The actuarial assumptions included (a) 7.25% investment rate of return, (b) 3.25% projected annual salary increase, and (c) 5.0%-8.3 % health inflation increase. The actuarial methods and assumptions used include techniques that smooth the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Actuarial calculations reflect a long-term perspective and actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to revision at least biannually as results are compared to past expectations and new estimates are made about the future. The Authority's OPEB unfunded actuarial accrued liability is being amortized as a level percentage of projected payroll using a 25 year closed amortization period.

In accordance with the Authority's budget, the annual required contribution (ARC) is to be funded throughout the year as a percentage of payroll. Concurrent with implementing Statement No. 45, the Authority's Board passed a resolution to participate in the California Employers Retirees Benefit Trust (CERBT), an irrevocable trust established to fund OPEB. CERBT is administered by CalPERS, and is managed by an appointed board not under the control of Authority Board. This Trust is not considered a component unit by the Authority and has been excluded from these financial statements. Separately issued financial statements for CERBT may be obtained from CALPERS at P.O. Box 942709, Sacramento, CA 94229-2709.

**SAN FRANCISCO BAY AREA WATER
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NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (Continued)

B. Funding Progress and Funded Status

Generally accepted accounting principles permit contributions to be treated as OPEB assets and deducted from the Actuarial Accrued Liability when such contributions are placed in an irrevocable trust or equivalent arrangement. During the fiscal year ended June 30, 2015, the Authority contributed the ARC amounting to \$46,900 to the plan which represented 3.4% of the \$1.4 million of covered payroll. The Authority did not have a Net OPEB Obligation at June 30, 2015, as presented below:

	Amounts
Net OPEB Obligation June 30, 2014	\$0
Annual required contribution (ARC)	46,900
Contributions to CERBT	(46,900)
Change in net OPEB Liability	0
Net OPEB Obligation June 30, 2015	\$0

The actuarial accrued liability (AAL) representing the present value of future benefits, included in the actuarial study dated June 2013, amounted to \$330,200 and was unfunded since no assets had been transferred into CERBT as of that date. However, as of June 30, 2015, the Authority has \$406,512 held in the CERBT trust.

The Plan's estimated annual required contributions and actual contributions for the last three fiscal years are set forth below:

Fiscal Year	Estimated Annual Required Contribution (ARC)	Actual Contribution	Percentage of ARC Contributed	Net OPEB Obligation
6/30/2013	\$58,356	\$58,356	100%	\$0
6/30/2014	44,200	44,200	100%	0
6/30/2015	46,900	46,900	100%	0

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2015**

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Authority participates in Federal and State and local grant programs. These programs have been audited by the Authority's independent accountants through the fiscal year ended June 30, 2015, in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2015, the Authority had made commitments for the following projects:

<u>Project</u>	
Ferry Vessel Replacement - Encinal & Express II	\$30,340,400
Regional Spare Float Replacement	1,858,796
Channel Dredging - Vallejo	71,677
Vessel Engine Overhaul - Solano	382,073
Central Bay Operations & Maint. Facility	3,585,745
North Bay Operations & Maint Facility	10,264,700
San Francisco Berthing Expansion	<u>3,588,500</u>
Total	<u><u>\$50,091,891</u></u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

**REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

San Francisco Water Emergency Transportation Authority, a Cost-Sharing Defined Pension Plan
As of fiscal year ending June 30, 2015
Last 10 Years*

SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

	Miscellaneous Plan	
	Tier 1 6/30/2014	Tier 2 6/30/2014
Plan's Proportion of the Net Pension Liability/Asset	0.010204%	0.000000%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$748,932	\$8
Plan's Covered-Employee Payroll	\$1,324,609	\$39,142
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	56.54%	0.02%
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of the Plan's Total Pension Liability	80.87%	83.33%

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

**REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

San Francisco Water Emergency Transportation Authority, a Cost-Sharing Defined Pension Plan

As of fiscal year ending June 30, 2015

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

	Miscellaneous Plan	
	Tier 1 6/30/2015	Tier 2 6/30/2015
Actuarially determined contribution	\$222,396	\$0
Contributions in relation to the actuarially determined contributions	(740,125)	(7,268)
Contribution deficiency (excess)	(\$517,729)	(\$7,268)
 Covered-employee payroll	 \$1,324,609	 \$39,142
 Contributions as a percentage of covered- employee payroll	 55.87%	 18.57%
Notes to Schedule		
Valuation date:	6/30/2012	6/30/2012

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age
Amortization method	Level percentage of payroll, closed
Remaining amortization period	30 years
Asset valuation method	5-year smoothed market
Inflation	2.75%
Salary increases	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2

Mortality

The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

* Fiscal year 2015 was the 1st year of implementation, therefore only one year is shown.

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

**REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2015**

Schedule of Funding Progress
Authority Other Post Employment Benefits

Actuarial Valuation Date	Actuarial Value of Assets (A)	Entry Age Actuarial Accrued Liability (B)	Unfunded (Overfunded) Actuarial Accrued Liability (A - B)	Funded Ratio (A/B)	Covered Payroll (C)	Unfunded (Overfunded) Actuarial Liability as Percentage of Covered Payroll [(A - B)/C]
June 30, 2009	\$0	\$196,200	\$196,200	0.00%	\$720,807	27.22%
June 30, 2011	131,500	254,200	122,700	51.73%	1,242,000	9.88%
June 30, 2013	269,200	271,000	1,800	99.34%	1,244,500	0.14%

Attachment C

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

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2015**

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

**SINGLE AUDIT REPORT
For The Year Ended June 30, 2015**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2015**

SECTION I—SUMMARY OF AUDITOR’S RESULTS

Financial Statements

Type of auditor’s report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Noncompliance material to financial statements noted? Yes X No

Federal Awards

Type of auditor’s report issued on compliance for major programs: Unmodified

Internal control over major programs:

- Material weakness(es) identified? Yes X No
- Significant deficiency(ies) identified? Yes X None Reported

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of OMB Circular A-133? Yes X No

Identification of major programs:

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

Dollar threshold used to distinguish between type A and type B programs: \$300,000

Auditee qualified as low-risk auditee? X Yes No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated November 13, 2015 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with section 510(a) of OMB Circular A-133.

SECTION IV - STATUS OF PRIOR YEAR FINDINGS AND QUESTIONED COSTS –

Prepared by Management

Financial Statement Prior Year Findings

There were no prior year Financial Statement Findings reported.

Federal Award Prior Year Findings and Questioned Costs

There were no prior year Federal Award Findings and Questioned Costs reported.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2015

<u>Federal Grantor/ Pass-Through Grantor/Program or Cluster Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Identifying Number</u>	<u>Federal Expenditures</u>
Department of Transportation, Federal Transit Administration Direct Programs			
Federal Transit Capital Investment Grant:			
Central Bay Ops & Maintenance Facility	20.205	CA-70-X018	<u>\$856,462</u>
Subtotal Federal Transit Administration Grant Direct Program			<u>856,462</u>
Federal Transit Cluster			
Federal Fixed Guideway Modernization:			
FY09 - 5309 Capital	20.500	CA-05-0256	1,041,679
FY12- 5309 Capital	20.500	CA-05-0278	1,451,498
Central Bay Ops & Maintenance Facility	20.500	CA-04-0209	48,798
SF Berthing - Environ/Conceptual Design	20.500	CA-04-0160	<u>542,205</u>
Subtotal Federal Fixed Guideway Modernization Grant Direct Programs			<u>3,084,180</u>
Federal Transit Formula Grants:			
FY09 & FY10 5307 Capital	20.507	CA-90-Y859	286,470
FY2011 5307 Capital	20.507	CA-90-Y923	861,180
FY2013 5307 Capital	20.507	CA-90-Z066	<u>3,651,552</u>
Subtotal Federal Transit Formula Grant Direct Programs			<u>4,799,202</u>
State of Good Repair Grants Program			
FY2014 - 5337 Capital	20.525	CA-54-0024	<u>46,592</u>
Total Federal Transit Cluster			<u>7,929,974</u>
 Total Expenditures of Federal Awards			 <u><u>\$8,786,436</u></u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2015**

NOTE 1-REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California.

NOTE 2-BASIS OF ACCOUNTING

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3-DIRECT AND INDIRECT (PASS-THROUGH) FEDERAL AWARDS

Federal awards may be granted directly to the Authority by a federal granting agency or may be granted to other government agencies which pass-through federal awards to the Authority. The Schedule includes both of these types of Federal award programs when they occur.

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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Association of Bay Area Governments, as of and for the year ended June 30, 2015, and the related notes to the financial statements, and have issued our report thereon dated November 13, 2015. Our report included an emphasis of a matter paragraph disclosing the implementation of new accounting principles

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 13, 2015 which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

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

Maze & Associates

Pleasant Hill, California
November 13, 2015

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

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

Report on Compliance for Each Major Federal Program

We have audited San Francisco Bay Area Water Emergency Transportation Authority's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2015. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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

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

We have audited the basic financial statements of the Authority as of and for the year ended June 30, 2015, and have issued our report thereon dated November 13, 2015, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the basic financial statements as a whole.



Pleasant Hill, California
November 13, 2015

Attachment D

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

**MEASURE B FUNDS
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2015

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**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B PROGRAM
Financial Statements
For the year ended June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Alameda County Transportation Commission-Measure B Funds (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements as listed in the table of contents.

As discussed in Note 1, the financial statements present only the Measure B Program and are not intended to present fairly the financial position and results of operations of the San Francisco Bay Area Water Emergency Transportation Authority, in conformity with generally accepted accounting principles in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the San Francisco Bay Area Water Emergency Transportation Authority is in compliance with the law and regulations, contracts, and grant requirements related to Measure B funds as specified in the agreement between the Authority and the Alameda County Transportation Commission.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 13, 2015

SAN FRANCISCO BAY AREA
 WATER EMERGENCY TRANSPORTATION AUTHORITY
 ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUNDS

BALANCE SHEET
 JUNE 30, 2015

	Mass Transit
ASSETS	
Cash and Investments	\$2,116,919
Intergovernmental Receivables	239,276
Total Assets	\$2,356,195
LIABILITIES	
Accrued Liabilities	\$57,540
Total Liabilities	57,540
FUND BALANCE	
Restricted for:	
Capital Reserve	2,202,455
Undesignated Reserve	96,200
Total Fund Balance	2,298,655
Total Liabilities and Fund Balance	\$2,356,195

See accompanying notes to financial statements.

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2015

	Mass Transit
REVENUES:	
Intergovernmental - Measure B:	
Pass-through Allocations	\$962,587
Interest Income	1,183
Total Revenues	963,770
 EXPENDITURES:	
Construction/Capital:	
Vessel Replacement - Express II	812,720
Vessel Mid-Life Refurbishment - Peralta	637,339
Vessel Mid-Life Refurbishment - Bay Breeze	77,368
Gangway and Pier Rehabilitation - Alameda Terminals	584,112
Total Expenditures	2,111,539
 CHANGE IN NET POSITION	 (1,147,769)
 FUND BALANCE:	
Beginning Fund Balance	3,446,424
Ending Fund Balance	\$2,298,655

See accompanying notes to financial statements.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Improvement Authority – Measure B Funds (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), are included in the basic financial statements of the Authority. Measure B Program is used to account for the Authority's share of the net revenues generated by the Measure B sales tax and expenditures incurred under the Authority's mass transit program.

In fiscal year 2011, the transfer of the Alameda/Oakland Ferry Service and the Alameda Harbor Bay Ferry Service from the City of Alameda and the Alameda Reuse and Redevelopment Authority to the Authority included Measure B monies. Measure B monies are used to finance the facilities and operations of the Alameda ferry services.

The accompanying financial statements are for the Measure B Program only and are not intended to fairly present the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting – The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Use of Estimates - Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

3. CASH AND INVESTMENTS

Cash and investments consist of deposits with banks and participation in the California Local Agency Investment Fund. All investments are stated at fair value.

See the Authority's Basic Financial Statements (BFS) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The BFS may be obtained from the San Francisco Bay Area Water Emergency Transportation Authority Pier 9, Suite 111, The Embarcadero, San Francisco, CA 94111.

4. MEASURE B PROGRAM

On November 7, 2000, the voters of Alameda County approved the reauthorization of Measure B. The Authority receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation – related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax would not fund expenditures previously paid for by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure B were as follows:

Mid-Life Repower and Refurbishment of the Bay Breeze

Vessel Replacement - Harbor Bay Express II

East Bay Passenger Terminal Improvements

5. FUND BALANCE

Measure B Reserves – Pursuant to its agreement with the Alameda County Transportation Commission, the Authority is to expend Measure B funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the Authority. Specific reserves are described as follows:

Capital Fund Reserve – The Authority may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure B funds. The Authority may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

5. FUND BALANCE (Continued)

As of June 30, 2015, the Authority's Capital Fund Reserve amounted to \$2,202,455 and has been retained to fund the following capital projects related to the Alameda ferry services:

- Vessel Replacement - Harbor Bay Express II
- Alameda Terminals Access Improvements
- Vessel Engine Overhaul - Taurus

Operations Fund Reserve – The Authority may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure B and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2015, the Authority has not established an Operations Fund Reserve.

Undesignated Fund Reserve – The Authority may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2015, the Authority has established an Undesignated Fund Reserve totaling \$96,200.

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INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

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

Report on Compliance for Measure B Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Transportation Commission - Measure B Funds (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon date November 13, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to 2000 Measure B/VRF funds as specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure B funds based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure B Program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Measure B Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on Measure B to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure B Program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure B on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have also issued a separate Memorandum on Internal Control dated November 13, 2015 which is an integral part of our audit and should be read in conjunction with this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Pleasant Hill, California
November 13, 2015

Attachment E

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

**MEASURE BB FUNDS
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2015

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**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB PROGRAM
Financial Statements
For the year ended June 30, 2015**

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INDEPENDENT AUDITOR'S REPORT

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

Report on Financial Statements

We have audited the financial statements of the Alameda County Transportation Commission-Measure BB Funds (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2015, and the related notes to the financial statements as listed in the table of contents.

As discussed in Note 1, the financial statements present only the Measure BB Program and are not intended to present fairly the financial position and results of operations of the San Francisco Bay Area Water Emergency Transportation Authority, in conformity with generally accepted accounting principles in the United States of America.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

Opinions

In our opinion, the San Francisco Bay Area Water Emergency Transportation Authority is in compliance with the laws and regulations, contracts, and grant requirements related to Measure BB funds as specified in the agreement between the Authority and the Alameda County Transportation Commission.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2015 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze & Associates

Pleasant Hill, California
November 13, 2015

SAN FRANCISCO BAY AREA
 WATER EMERGENCY TRANSPORTATION AUTHORITY
 ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB FUNDS

BALANCE SHEET
 JUNE 30, 2015

	Mass Transit
ASSETS	
Intergovernmental Receivables	\$125,391
Total Assets	\$125,391
FUND BALANCE	
Restricted for:	
Capital Reserve	\$112,891
Undesignated Reserves	12,500
Total Fund Balance	125,391
Total Liabilities and Fund Balance	\$125,391

See accompanying notes to financial statements.

SAN FRANCISCO BAY AREA
 WATER EMERGENCY TRANSPORTATION AUTHORITY
 ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB FUNDS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
 FUND BALANCE
 FOR THE YEAR ENDED JUNE 30, 2015

	Mass Transit
REVENUES:	
Intergovernmental - Measure BB:	
Direct Allocations	\$125,391
Total Revenues	125,391
CHANGE IN NET POSITION	125,391
FUND BALANCE:	
Beginning Fund Balance	
Ending Fund Balance	\$125,391

See accompanying notes to financial statements.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Improvement Authority – Measure BB Funds (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), are included in the basic financial statements of the Authority. The Measure BB Program is used to account for the Authority’s share of the net revenues generated by the Measure BB sales tax and expenditures incurred under the Authority’s mass transit program.

The accompanying financial statements are for the Measure BB Program only and are not intended to fairly present the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting – The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority’s financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Use of Estimates - Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Cash and investments consist of deposits with banks and participation in the California Local Agency Investment Fund. All investments are stated at fair value.

See the Authority’s Basic Financial Statements (BFS) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The BFS may be obtained from the San Francisco Bay Area Water Emergency Transportation Authority Pier 9, Suite 111, The Embarcadero, San Francisco, CA 94111.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB PROGRAM
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2015**

4. MEASURE BB PROGRAM

On November 4, 2014, the voters of Alameda County approved Measure BB, authorizing Alameda County Transportation Commission (CTC) to administer the proceeds from the extension of an existing one-half of one percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by one-half of one percent. The duration of the tax will be for 30 years from the initial year of collection, expiring on March 31, 2045. The tax proceeds will be used to pay for investments outlined in the 2014 Alameda County Transportation Expenditure Plan (2014 TEP).

5. FUND BALANCE

Measure BB Reserves – Pursuant to its agreement with the Alameda County Transportation Commission, the Authority is to expend Measure BB funds expeditiously and no unexpended funds beyond those included in reserves as defined in the Agreement are allowed to be retained by the authority. Specific reserves are described as follows:

Capital Fund Reserve – The Authority may establish a specific capital fund reserve to fund specific large capital projects that could otherwise not be funded with a single year worth of Measure BB funds. The Authority may collect capital funds during not more than three fiscal years and shall expend all reserve funds prior to the end of the third fiscal year immediately following the fiscal year during which the reserve was established.

As of June 30, 2015, the Authority's Capital Fund Reserve amounted to \$112,891 and has been retained to fund the following capital projects related to the Alameda ferry services:

- Vessel Replacement – Harbor Bay Express II

Operations Fund Reserve – The Authority may establish and maintain a specific reserve to address operational issues including fluctuations in revenues and to help maintain transportation operations. The total amount retained may not exceed 50 percent of anticipated annual combined revenues from Measure BB and VRF funds. This fund may be a revolving fund and is not subject to an expenditure timeframe. As of June 30, 2015, the Authority has not established an Operations Fund Reserve.

Undesignated Fund Reserve – The Authority may establish and maintain a specific reserve for transportation needs over a fiscal year such as matching funds for grants project development work studies for transportation purposes or contingency funds for a project or program. This fund may not contain more than 10 percent of annual pass-through revenues. As of June 30, 2015, the Authority has established an Undesignated Fund Reserve totaling \$12,500.

INDEPENDENT AUDITOR'S REPORT ON MEASURE BB COMPLIANCE

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

Report on Compliance for Measure BB Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Transportation Commission - Measure BB Funds (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2015 and the related notes to the financial statements, and have issued our report thereon date November 13, 2015.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to Measure BB funds as specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure BB funds based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure BB Program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure BB Program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Measure BB Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on Measure BB Program for the year ended June 30, 2015.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on Measure BB to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure BB Program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure BB on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have also issued a separate Memorandum on Internal Control dated November 13, 2015 which is an integral part of our audit and should be read in conjunction with this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.



Pleasant Hill, California
November 13, 2015

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Amendment to Agreement with Nematode Media, LLC, for Increased San Francisco Bay Ferry Advertising and Ticket Sales Customer Service at the Ferry Building Bay Crossings Store

Recommendation

Approve Amendment No. 8 to Agreement #04-205 with Nematode Media, LLC, in the amount of \$38,000 for ticket sales, advertising and customer services at the Ferry Building Bay Crossings store and authorize the Executive Director to negotiate and execute the amendment.

Background/Discussion

Nematode Holdings' Ferry Building Bay Crossings store is a privately owned business with a primary mission to provide public transit-related services, which include operating a Clipper Customer Service Center, selling San Francisco Bay Ferry (SF Bay Ferry) tickets (Harbor Bay, AOSF, Vallejo) and MUNI Day Passes, and disseminating public transit and visitor information. Clipper Customer Service Center functions are funded under a contract with MTC that expires on June 30, 2016. Bay Crossings also earns a commission on sales of SF Bay Ferry tickets (8 percent for Vallejo and 10 percent for Alameda/Oakland and Harbor Bay tickets). In FY 2015/16, Bay Crossings' Vallejo ticket sales commissions are expected to decline approximately \$38,000 due to the transition of many riders from paper tickets to Clipper Cards. At the November 5 Board meeting, Mr. Bobby Winston, the store owner, stated that the anticipated revenue decline threatened the financial viability of the Ferry Building store and asked that WETA fund the shortfall. The Board directed staff to work with Mr. Winston to develop a solution to reasonably support the store in staying open this year and to work with MTC and Mr. Winston to explore options for working collaboratively to support the store in future years.

Staff has held several conversations with Bay Crossings since the November meeting and, as a result of these discussions, recommends that WETA make Nematode Media whole by increasing the Nematode Media, LLC Agreement in the amount of \$38,000 for the period ending June 30, 2016. In exchange for the increased funding, Nematode has agreed to work with staff to increase SF Bay Ferry advertising (printed and electronic) at the store, upgrade point-of-purchase displays, and ensure that store staff are knowledgeable about ferry schedules, services, and policies. A central goal will be to clearly "brand" a section of the store as a location for SF Bay Ferry information.

Going forward, Staff will work with MTC and Bay Crossings to identify a coordinated approach to supporting the SF Bay Ferry/Clipper Customer Service Center at the ferry building in future years.

Fiscal Impact

This contract amendment, totaling \$38,000, will be funded out of the existing FY 2015/16 Marketing and Advertising budget.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-32

APPROVE AMENDMENT TO AGREEMENT WITH NEMATODE MEDIA, LLC, FOR INCREASED SAN FRANCISCO BAY FERRY ADVERTISING AND TICKET SALES CUSTOMER SERVICE AT THE FERRY BUILDING BAY CROSSINGS STORE

WHEREAS, in September 2004 WETA entered into Agreement #04-205 with Nematode Media, LLC, for advertising in Bay Crossings magazine, and for ferry ticket sales and distribution of ferry information at the Ferry Building Bay Crossings store; and

WHEREAS, in July 2005, WETA approved Amendment No. 1 to the Agreement to extend the term for one year and modify the Scope of Work; and

WHEREAS, in July 2006, WETA approved Amendment No. 2 to the Agreement to extend the term of the Agreement for three years through June 30, 2009, and

WHEREAS, in July 2009, WETA approved Amendment No. 3 to the Agreement to extend the term of the Agreement for three years through June 30, 2012; and

WHEREAS, in July 2012, WETA approved Amendment No. 4 to the Agreement to extend the term of the Agreement for one year through June 30, 2013; and

WHEREAS, in July 2013, WETA approved Amendment No. 5 to the Agreement to extend the term of the Agreement for one year through June 30, 2014 and approve compensation in the amount of \$48,000; and

WHEREAS, in July 2014, WETA approved Amendment No. 6 to the Agreement to extend the term of the Agreement for one year through June 30, 2015; and

WHEREAS, in July 2015, WETA approved Amendment No. 7 to the Agreement to extend the term of the Agreement for one year through June 30, 2016; and

WHEREAS, WETA seeks to amend the Agreement to increase contractor compensation by \$38,000 and to modify the Scope of Work to required increased Ferry Building Bay Crossings store San Francisco Bay Ferry advertising; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment No. 8 to Agreement No. 04-205 with Nematode Media, LLC, to increase contractor compensation by \$38,000 and to modify the Scope of Work to required increased San Francisco Bay Ferry advertising and ticket sales customer service at the Ferry Building Bay Crossings store; and authorizes the Executive Director to negotiate and 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 December 10, 2015.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary
2015-32
END

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Contract Award to Fast Ferry Management, Inc. for Vessel Construction Management Services

Recommendation

Approve contract award to Fast Ferry Management, Inc. for vessel construction management services in an amount not to exceed \$1,890,000 and authorize the Executive Director to negotiate and execute a final contract and take any other such related actions to support this work.

Background

One of the of the four North Bay vessels, the MV *Vallejo* is included in the FY 2015/16 Capital Budget for replacement. The MV *Vallejo* is a 267 passenger vessel utilized in the operation of the Vallejo service. It has met the regional replacement age of 25 years, qualifying it for Federal Transit Administration capital replacement funds available through the Metropolitan Transportation Commission in accordance with their Transit Capital Priorities process. In addition, the Richmond service is expected to begin in 2018 and will require two vessels. A North Bay class vessel with its faster speed will be able to operate on 60 minute headways and is recommended for this route.

Given the current ridership demand and steady growth in the North Bay Vallejo service, it is staff's assessment that these vessels should all have 34-knot service speed and a minimum passenger capacity of 400. Two new North Bay vessels and one vessel to replace the MV *Vallejo* are included in the FY 2015/16 Capital Budget and staff has secured funding commitments for construction.

Discussion

On August 24, 2015, the Board authorized staff to issue a Request for Qualifications (RFQ) for vessel construction management services. Staff issued the RFQ on September 24, 2015, to over 1,000 firms on WETA's e-mail distribution list for contracting opportunities, solicited interest through notices on the website and placed a nationwide ad in the Passenger Vessel Association weekly email. A total of five proposals were received in response to the RFQ.

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

1. Understanding of Project Objectives

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

2. Technical and Management Approach

Criteria - knowledge of high speed small passenger vessel construction; potential impacts to cost, scope, and schedule based on lessons learned; recommendations to lower/control costs given proposed scope of project; and approach to working with WETA staff and consultants.

3. Capabilities and Experience of Proposed Staff

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

4. Organization of the Team

Criteria - completeness, efficiency, logic, and availability.

An evaluation panel that included WETA staff and Jason Covell and Kent McGrath of Blue & Gold Fleet reviewed and scored the proposals based upon these criteria. The results of the review are summarized in Table 1 below.

Table 1 - Combined Scoring

	Firms				
	Glosten	HMS Consulting	Fast Ferry Management, Inc.	Aurora Marine Design	Art Anderson and Associates
Approach and Understanding	7.25	7.375	8.875	8.875	7.25
Technical and Management Approach	6.5	7.25	8.25	8	6.75
Capabilities and Experience	7	7.25	8.625	8.375	6
Team Organization	7.25	6.5	8.5	8.5	7
Total Score	6.9125	7.225	8.55	8.3375	6.3625

Based upon the submittal evaluation and scoring, the evaluation panel recommends awarding a contract to Fast Ferry Management, Inc. for this work. Fast Ferry Management, Inc. has extensive experience working on similar projects, including construction management services for the current North Bay Vallejo fleet. The Fast Ferry Management team proposal includes the use of Elliot Bay Design Group as a subcontractor to provide naval architect, engineering, and inspection support services.

The work under this contract will include such items as vessel design review and technical specifications preparation, vessel construction management oversight, and warranty administration. The construction management firm will provide inspection and testing services throughout all phases of construction and compliance oversight of this vessel construction project. The recommended contract award is for an amount not to exceed \$1,890,000 which represents approximately 3% of the total vessel project amount. This amount is consistent with that spent for construction management of previous vessels constructed by WTA/WETA. The work under this contract will be managed by task orders issued by WETA staff within the overall contract limit.

Fiscal Impact

The MV *Vallejo* Replacement and new North Bay Ferry Vessels projects are included in the FY 2015/16 Capital Budget. These projects are funded with a combination of Federal Transit Administration (FTA) grant funds, State Proposition 1B (Prop 1B) grant funds, Regional Measure 2 Bridge Toll Revenues and AB664 Bridge Toll Revenues.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2015-33

AWARD CONTRACT TO FAST FERRY MANAGEMENT, INC. FOR CONSTRUCTION MANAGEMENT SERVICES FOR VESSEL CONSTRUCTION

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority seeks to enter into an agreement for Construction Management services for the construction of up to three WETA vessels; and

WHEREAS, the WETA has established procedures in its Administrative Code relating to the selection and contracting of consulting services, solicitation, and evaluation of qualifications; and

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

WHEREAS, the WETA staff has recommended the award of these support services which would commit the WETA to a contract in an amount not to exceed \$1,890,000 with actual expenditures authorized within this amount on a task order basis now, therefore, be it

RESOLVED, that the Board of Directors approve contract award to Fast Ferry Management, Inc. for vessel construction management services in an amount not to exceed \$1,890,000 and authorizes the Executive Director to negotiate and execute a final contract and take any other such related actions to support this project.

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 December 10, 2015.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2015-33
END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Lauren Gularte, Administrative Policy Analyst

SUBJECT: Status Report on Efforts to Update Emergency Response Plans

Recommendation

There is no recommendation associated with this informational item.

Background

WETA was created by the California Legislature in 2007 by Senate Bill (SB) 976 as amended by SB 1093. The law directed that the San Francisco Bay Area Water Emergency Transportation Authority (WETA) supersede the San Francisco Bay Area Water Transit Authority with the intent of providing a unified, comprehensive institutional structure for the ownership and governance of a regional water transportation system. California Government Code Section 66540.2 and 66540.5 directs WETA to consolidate and operate public ferry services in the Bay Area, plan new service routes, and authorizes WETA to coordinate ferry transportation response to emergencies or disasters affecting the Bay Area transportation system. Emergency water transportation services include transportation of passengers if primary transportation systems and infrastructure are unavailable as well as transportation of first responders and disaster service workers to facilitate emergency response and recovery.

In 2009, WETA completed development of a state-mandated Emergency Water Transportation System Management Plan which describes the WETA's roles and responsibilities in an emergency. The plan was developed in coordination with state emergency officials, the Metropolitan Transportation Commission (MTC) and the U.S. Coast Guard (USCG). In coordination with this effort, WETA also developed an internal Emergency Operations Plan that provides detailed guidance for staff to manage and coordinate resources to respond to an emergency that was put into effect in 2009.

Discussion

Many changes have occurred since WETA's emergency response plans were originally developed, making it timely to update these plans. Since 2009, WETA assumed operation of the Alameda and Vallejo ferry services, developed and initiated WETA's first expansion ferry service from the East Bay to South San Francisco, and continued its expansion plans for additional ferry routes and related support facilities. WETA's ferry services and their associated assets have been consolidated under the operating name, San Francisco Bay Ferry, and under one contract operator, Blue & Gold Fleet. Additionally, WETA has spent the last six years working with local, regional, state and federal emergency management agencies to coordinate and practice joint responses to emergencies as well as hone its skills responding to incidents affecting the regional transportation network, including Bay Bridge closures, the June 2012 West Oakland BART fire, and two multi-day BART labor strikes in 2013.

Using the WETA's experience gained and lessons learned from operating consolidated ferry service, and responding to regional transportation incidents for the last four years, in addition to utilizing the services of Navigating Preparedness Associates, WETA has begun revising its emergency plans. In February, the consultant and staff conducted an initial set of stakeholder meetings with USCG Sector San Francisco, California Office of Emergency Services (CalOES), MTC, the San Francisco Department of Emergency Management (DEM) and WETA's contracted operator Blue & Gold Fleet, to understand their perception of WETA's emergency response role and identify any relevant changes in their operations.

The timing of WETA's revision to its emergency response plans has been coordinated to occur in concert with CalOES and the Federal Emergency Management Agency's (FEMA) revision to their joint plan for a catastrophic Bay Area earthquake, aptly named the Bay Area Earthquake Plan, as well as the MTC's Regional Transportation Emergency Management Plan (RTEMP). While CalOES and FEMA released the draft Bay Area Earthquake Plan for comment last month, MTC has not yet started revising the RTEMP. Staff has coordinated closely with CalOES and FEMA to synchronize WETA's emergency response plans with the Bay Area Earthquake Plan and will work with MTC once they begin revising their plan to ensure alignment.

WETA's external emergency response plan, the WETA Emergency Response Plan (ERP), is being prepared in accordance with the standards of the National Incident Management System, the California Standardized Emergency Management System, and other federal and state requirements and standards. It provides emergency management agencies, WETA's passengers, and the general public with an overview of how WETA will coordinate with local, regional, state, and federal partners to provide emergency water transportation in a catastrophic emergency. It has been developed to guide the WETA's provision of emergency services in an event requiring a Governor's Proclamation of Emergency and an accompanying Stafford Act Disaster Declaration resulting in activation of the State Operations Center (SOC). An example of such a catastrophic emergency would be a major earthquake on the Southern Hayward or San Andreas faults that would overwhelm the emergency services of multiple counties and meet FEMA's thresholds for the Stafford Act. In this respect the ERP is not an all hazards plan. Its focus is on the catastrophic scenario where state and/or federal assistance is required and where WETA would work within the coordinated structure set up by CalOES/FEMA to manage transportation response to emergencies, called Emergency Function/Emergency Support Function (EF/ESF) 1 Transportation. WETA coordinates with CalOES/FEMA by participating EF/ESF 1 Transportation within the SOC to assist with providing maritime transit expertise and emergency water transportation service, planning, and coordination, in addition to being a provider of emergency water transit through use of WETA's own vessels.

The ERP addresses planning assumptions, roles and responsibilities, emergency water transportation operations, and incident communications. Key to making the ERP operational is Operational Priorities and Courses of Action (COAs). Operational Priorities are overarching goals that direct WETA managed emergency water transportation operations within its purview. They support developing COAs that list specific activities to take place within certain timeframes. Consistent with other regional catastrophic incident guidance, the timeframes for emergency water transportation operations are phased upon a triggering event. Most importantly, the ERP addresses lessons learned from joint exercises with federal, state, and regional partners as well as from responding to incidents affecting the regional transportation network. This includes emphasizing WETA's areas of responsibility (for example, WETA does not transport cargo) and clearly laying out WETA's

resource requirements for the provision of emergency water transportation services, such as security and crowd control from local jurisdictions where WETA's ferry terminals are located, the provision of fuel from the state or federal governments, connecting ground transit for passengers to continue away from ferry terminals to emergency shelters, in addition to other resource requirements.

While the external-facing ERP focuses on the catastrophic scenario, the WETA's internal plan, the Emergency Operations Plan (EOP), is being updated to address all other types of events such as transportation incidents and planned events that require an increased level of transit service via WETA's own assets or through mutual aid from other transit agencies. Examples of events requiring activation of the EOP include an increased level of ferry service using WETA's own assets to respond to demand for planned events such as the Bay to Breakers annual race, or an increased level of ferry service using mutual aid from another agency to respond, such as WETA's response to the 2013 BART strike which required the use of Golden Gate Transit's ferry assets. The EOP will also have hazard specific sections for events such as tsunamis, vessel fires, loss of a facility, active shooter, or bomb threat situation, etc. The EOP will be an appendix to the ERP and will remain a confidential internal operations document.

Staff is in the process of scheduling two plan validation meetings, one exclusively with CalOES and one with key external stakeholders such as CalOES, MTC, USCG, San Francisco DEM and WETA's contracted operator, Blue & Gold Fleet. After these meetings occur and input from these external partner agencies is integrated into the plan, staff will bring forward a draft ERP for Board discussion and final adoption in early 2016.

Fiscal Impact

There is no fiscal impact associated with this informational item.

***END**