

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

(April 2, 2015)

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

1. ROLL CALL AND CALL TO ORDER – BOARD CHAIR

Chair Jody Breckenridge called the meeting to order at 1:02 p.m. and led the Board in the Pledge of Allegiance. Other directors present were Director Jeffrey DelBono and Director Timothy Donovan. Director Anthony Intintoli arrived at 1:07 p.m.

2. REPORT OF BOARD CHAIR

Chair Breckenridge noted that several agenda items would be reordered to accommodate a schedule conflict and a request from Director Del Bono.

3. REPORTS OF DIRECTORS

No reports.

4. REPORTS OF STAFF

Executive Director Nina Rannells referred the Board to her written report and noted that March had been a banner month for operations with boats at 90 to 100 percent of capacity.

Director DelBono congratulated and commended WETA staff on their work in regard to securing approval of the lease for the Central Bay Operations and Maintenance Facility. Ms. Rannells reviewed the efforts of Manager of Planning and Development Kevin Connolly and Senior Planner Michael Gougherty, who along with Ms. Rannells attended the City of Alameda Council meetings on March 3 and March 17. Ms. Rannells said that the project had received support from a wide range of stakeholders, including Bay Ship & Yacht Co., Ray Shipway of Masters, Mates & Pilots, and Andreas Cluver from the Alameda Building and Trades Council.

Chair Breckenridge asked about the status of the seal haul-out facility. Mr. Connolly said WETA had entered into a cooperative agreement with the City of Alameda to construct the haul-out facility and made \$100,000 available for this purpose. He said it was acknowledged in the agreement that doing so was contingent on the permitting agencies agreeing to meet the timetable involved but that both WETA and the City had agreed to make every effort to have the structure completed prior to construction of WETA's facility. Mr. Gougherty added that WETA had set up an 11-person working group enlisting Alameda officials who were interested in the project and that the committee was in the process of hiring an expert. Ms. Rannells noted that WETA staff had reached out to the City to start this process immediately following the City Council vote in support of the project.

Chair Breckenridge turned the discussion to the Downtown San Francisco Terminal Expansion project and asked for a status update on the Port of San Francisco MOU and the South Basin Improvement Phase. Mr. Gougherty said a draft MOU between WETA and the Port had been negotiated at the staff level and was currently being reviewed by counsel for both parties. He said that he anticipated it would be ready to bring forward for Board consideration at the May meeting. He said the timing would enable

WETA and the Port Commission to be in agreement prior to bringing the project before the BCDC for preliminary design review.

Director Intintoli asked for an update on the North Bay Operations and Maintenance Facility. Senior Planner Chad Mason said substantial completion of the landside is expected in May. Mr. Mason said 100% design on the waterside was expected next week or the week after.

Director Donovan asked for an update on the Coast Guard manning requirements issue. Ms. Rannells said there had been active discussion on the matter and that WETA had sent a letter to Captain Stump. She added that WETA had not yet been provided with the Coast Guard's work supporting the proposed changes.

Chair Breckenridge noted the tenuous position with the upcoming expiration of MAP-21 which is a capital funding source for the agency. She said this raises questions for the agency if matters do not get resolved this summer.

5. CONSENT CALENDAR

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

- 1) The Board of Directors meeting minutes of March 5, 2015;
- 2) Approval of an Amendment to Agreement with Lindsay Hart, LLP for Federal Legislative Representation;
- 3) Approval of an Amendment to Agreement with Broad & Gusman, LLP for State Legislative Representation;
- 4) Approval of an Amendment to Agreement with Perata Consulting, LLC for Strategic Consulting Services.

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

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

6. STATUS REPORT ON SOUTH SAN FRANCISCO FERRY SERVICE

Mr. Connolly presented this item beginning with a summary of the history of Board actions involving the South San Francisco service.

Mr. Connolly said the South San Francisco service was still experiencing a strong rate of growth in ridership, but that vessels were still under-utilized and could accommodate continued growth. He pointed out that there is substantial real estate and development activity taking place in South San Francisco which would build ridership even further. He said the City of South San Francisco's Planning Department cited the existence of the ferry as one of the catalysts that attracted office development to the City.

Regarding the MTC corrective action plan, WETA had continued to build ridership and find efficiencies, and Mr. Connolly said the agency was already in discussion with MTC staff, suggesting that the 3-year timetable is inadequate and that the service more properly needed a 10-year period to build a solid ridership base. Mr. Connolly also suggested that the system needed to be considered as a transportation network with a system-wide farebox recovery requirement and that it was almost impossible to isolate the services.

Director DelBono asked about the extent to which the agency had presented these views. Mr. Connolly said that MTC recognized that the South San Francisco service was on the right track and that three years may be an inadequate period of time to meet the standard. Ms. Rannells noted that the funding

WETA received from MTC is presented as a single line item for ferry services and not allocated on a service-by-service basis and that evaluating farebox recovery for the system as a whole would be in line with that.

Director Donovan asked about possible funding consequences if MTC should turn out to be unreceptive to WETA's case. Ms. Rannells said that the agency was proposing corrective action so that this issue could be looked at in the long term.

Director DelBono noted that the City of South San Francisco itself was on record as saying that the existence of the ferry is a driver of business to the City. Ms. Rannells agreed and believed there would be multiple opportunities to have a conversation with the City, MTC and to work with the community. Director Donovan said the service had a very slow start but that the numbers were looking a lot better.

Chair Breckenridge said it looked like WETA would need additional growth and new ridership beyond the current market to get to a 40 percent farebox recovery. She stated that the agency needed to continue advocating that MTC look at this over the long-term rather than revisiting the issue year-by-year.

7. APPROVE AMENDMENT TO AGREEMENT WITH MARCY WONG DONN LOGAN ARCHITECTS FOR DESIGN AND ENGINEERING SERVICES FOR THE RICHMOND FERRY TERMINAL EXPANSION PROJECT

Mr. Mason presented this item requesting Board approval of Amendment No. 3 to Agreement #10-014 with Marcy Wong Donn Logan (MWDL) Architects in the amount of \$1,200,000 to provide Phase II Final Design services for the Richmond Ferry Terminal Expansion Project and authorize the Executive Director to execute the amendment.

Director Donovan noted that WETA had been working with MWDL on this project for five years and asked whether WETA was assured of having continuity in terms of personnel. Mr. Mason said that out of all the consultants that he had worked with on a regular basis, MWDL was the only one that had no turnover. He said Marcy Wong and Donn Logan were both great resources at the principal level and had been there all along, as had Kent Royle, the principal architect. Mr. Mason added that the firm GHD was MWDL's engineer and that WETA was very familiar with GHD, both from this project and from having worked with them on the North Bay Operations and Maintenance Facility.

Chair Breckenridge asked about the timeline for projected completion of the project. Mr. Mason said that in terms of constructing the facility, WETA was targeting completion for the end of 2017 or early 2018.

Public Comment

Chad Smalley of the City of Richmond thanked the Board and said the City of Richmond was excited to see this next milestone.

Veronica Sanchez of Masters, Mates & Pilots also expressed excitement to see this project moving forward and asked about the source of the project's funding. Manager of Finance and Grants Lynne Yu said the construction was funded by Prop 1B.

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

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

8. OVERVIEW OF DISADVANTAGED BUSINESS ENTERPRISE (DBE) AND SMALL BUSINESS ENTERPRISE (SBE) PROGRAMS AND GOAL ACHIEVEMENT

Administrative Policy Analyst and DBE Administrator Lauren Gularte presented this informational item, providing the Board with an overview of WETA's DBE and SBE programs.

Director DelBono asked if only federal contracts were covered by this program. Ms. Gularte said the requirement was for federal contracts but that the Board could direct staff at its discretion.

Director DelBono asked Ms. Gularte how WETA's DBE program worked. Ms. Gularte said WETA strongly encourages DBE and SBE participation but does not require DBE or SBE participation by setting DBE or SBE contract specific goals and therefore, cannot evaluate contracts based on DBE or SBE participation levels. She explained agencies set DBE goals by evaluating upcoming contracting opportunities and analyzing the number of DBEs available for that work. Information about WETA's contract procurements was distributed through the agency's email service and through the BOC quarterly newsletter and outreach events. WETA does not conduct direct outreach to DBEs on a per contract basis. Instead, DBE outreach is the requirement of a prime contractor.

Ms. Rannells asked Ms. Gularte if she included all upcoming contracting opportunities in the agency's outreach efforts. Ms. Gularte responded that she distributed information regarding all of WETA's upcoming contracts at outreach events.

Director DelBono asked if non-federal contracts were included in the DBE goal would it create more DBE participation. Ms. Rannells said it would likely result in more work for WETA but would not necessarily result in more DBE participation because WETA is already conducting outreach for all contracts. Ms. Gularte explained that in scoring a proposal, no point advantage can be given to a proposer for DBE participation as WETA did not have a per-contract goal. In order for WETA to give an advantage to a proposer for including DBE participation, the agency would have to set contract specific DBE goals and use DBE participation as selection criteria on the contract.

Director Donovan noted that the Census Bureau's County Business Patterns data referenced in Ms. Gularte's presentation was from 2010 and asked how often that information is updated. Ms. Gularte said that when WETA formulated its three-year goal, 2010 was the most recent version of the database.

Director DelBono asked what measures would help encourage smaller, local and diverse firms to participate in the bidding process. Ms. Rannells said staff could come back to the Board with a conversation on how to facilitate broader participation as the agency prepares its new goal. She cautioned that in the maritime environment opportunities were more limited than in general construction but said there may be ways for the agency to focus its efforts on areas where there are opportunities to attract DBEs. Ms. Gularte referred the Board to Table 1, reflecting the majority of agency funding for this goal period was in vessel construction, an area that was challenging in terms of DBE participation.

Director DelBono said he was thinking about the RFQ for On-Call Planning, Marine Engineering, and Professional Services. Ms. Gularte said those contracts had not been included in WETA's DBE/SBE goals because they were not federally funded.

9. AUTHORIZE RELEASE OF A REQUEST FOR QUALIFICATIONS (RFQ) FOR ON-CALL PLANNING, MARINE ENGINEERING AND PROFESSIONAL SERVICES

Mr. Mason presented this item requesting Board approval to authorize the release of an RFQ for consultants to provide on-call planning, marine, engineering and professional services to support WETA programs and services.

Director Donovan asked if it would be possible to look at small businesses for this RFQ.

Director DelBono made a motion to move this item to the next meeting to allow staff time to put together information and present ways to encourage more bids and proposals from DBE/SBE.

Director Donovan asked for clarification as to whether the item under discussion was to release an RFQ or to research for a list of providers. Mr. Mason replied that the item requested authorization to release the RFQ.

Director Intintoli seconded Director DelBono's motion to postpone the item.

Director Donovan asked if expertise or emergency assistance would be restricted to contractors on the on-call list. Ms. Rannells stated that she had her spending authority but that the list would allow the agency the ability to quickly tap into resources when needed. Chair Breckenridge asked if a provider not on the list could be signed to an emergency contract if a crisis arose. Ms. Rannells confirmed that was indeed the case.

Chair Breckenridge questioned if five years was the right term for the list of valid consultants and thought that it might be best to approve this through an administrative procedure, such that the Board would see the list only when it comes back from staff for approval.

Ms. Rannells said staff would work on details regarding DBE/SBE outreach and get back to the Board.

With a seconded motion still on the floor, Chair Breckenridge clarified that the motion was to revisit the item with updated information at the next monthly meeting. The motion then carried unanimously.

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

10. APPROVE CONTRACT AWARD FOR ENCINAL AND HARBOR BAY EXPRESS II VESSEL REPLACEMENT PROJECT

Operations Manager Keith Stahnke presented this item requesting Board approval of a contract award to Kvichak Marine Industries (Kvichak) for design-build construction of two replacement vessels in an amount not to exceed \$32,031,000; to authorize the Executive Director to negotiate and enter into a contract and take any other related actions as may be necessary to support this work and to authorize a budget increase of \$451,000 to the Vessel Replacement project in the FY 2014/15 Capital Budget in order to support full funding of the project.

Mr. Stahnke said there was no contract-specific DBE or SBE goal, and that although WETA encouraged the voluntary commitment of DBE and SBE participants, Kvichak Marine was not able to commit DBE or SBE participation in this contract.

Director Intintoli asked Mr. Stahnke to elaborate on the analysis of the difference in technical abilities between the two bidders. Mr. Stahnke said it was hard to single out specific differences, given that there were 40 factors in the Step Two scoring alone, but he felt that that Kvichak's experience and level of detail in emissions systems was one area that stood out.

Director Intintoli asked if Mr. Stahnke had had a chance to review the 9-point document distributed by Marine Group Boat Works (MGBW). Mr. Stahnke said he had just received the document and had not reviewed it.

Director Donovan asked if the same committee members evaluated Step 1 and Step 2. Mr. Stahnke said that there were slight differences in the make-up of the committee due to availability.

Director Donovan referred to Table 3 and asked if the \$1.92 million for Project Management and Administration was the budget for Aurora Marine Design (AMD). Ms. Rannells said that money was allocated to support things like attorney's fees, construction management, internal costs and staff costs to support the project from beginning to end.

Director Donovan stated that AMD was rewarded a substantial contract to support development of the RFP and work through the construction phase and wanted to clarify that AMD was responsible for the construction management. Ms. Rannells and Mr. Stahnke affirmed this was the case.

Director Donovan noted that Kvichak was given an opportunity to do a best and final offer when they were the apparent winner of the contract and asked if MGBW had been allowed to do the same. Mr. Stahnke said that when WETA asked both bidders for revised Best and Final Offers that this was the opportunity for both shipyards to submit their best-price offer. When the winner was determined, WETA conducted direct negotiations with Kvichak, reviewing contract terms and final details to negotiate additional price savings. Ms. Rannells noted that the final scores utilized in determining the winning bidder were based upon the Best and Final Offer submittals.

Director Del Bono noted that MGBW's document included a claim that a California bidder had to pay prevailing wage whereas an out-of-state bidder did not. Ms. Rannells noted her understanding that there was a prevailing wage provision in the contract that required the contractors to meet the laws within their state. Mr. Stahnke confirmed that the local prevailing wage applies and that in Washington, the Washington state prevailing wage would be required.

Director Donovan mentioned that there was a substantial difference between California and out-of-state emissions requirements. He asked whether Kvichak was fully aware of the California and Bay Area emissions requirements. Mr. Stahnke confirmed that they are and noted that WETA's requirements exceed federal and state requirements and Ms. Rannells added that specific emissions requirement, which are included in WETA's enabling legislation, were included in the RFP document and that meeting these requirements was required of all proposers..

Director Intintoli asked if that meant that Kvichak had a greater ability to respond to that higher standard or had more experience. Mr. Stahnke said the WETA set a standard that had to be complied with and that this was a non-acceptance issue. He said there are different ways to meet the requirement and felt the proposal from Kvichak offered substantially less risk to WETA.

Director Intintoli asked if WETA had previously done business with MGBW. Mr. Stahnke noted that the agency had awarded a contract to MGBW in San Diego for the *Bay Breeze* refurbishment project.

Director Del Bono noted that the prevailing wage is substantially lower out-of-state than in California and asked if the prevailing wage difference was taken into consideration in the bidding process. He asked whether WETA asked bidders about wages. Mr. Stahnke said staff did not do so in determining contract award; however, staff will review certified payroll for compliance.

Public Comment

Todd Roberts of MGBW said that MGBW was a certified small family-owned business located in California employing 195 Californians. Mr. Roberts thanked WETA staff and the evaluation committee for doing an excellent job in evaluating the RFP and said that Kvichak was an excellent builder and he was honored to be only 30 points out of a thousand apart from one of the best builders in the industry.

He said that as the Board had already heard today, it is a goal of WETA to meet and exceed small business requirements. He said it had been publicly announced that effective April 1, Kvichak had been acquired by Vigor Industrial, a large business conglomerate in the Pacific Northwest adding that small-business and manufacturing growth in California grows the industrial base that WETA depends on to build and service future vessels. He stated that MGBW would employ two major Bay Area subcontractors, Valley Power Systems, and Reliable Marine Electronics who would be the people that would provide warranted maintenance and can respond on short notice which would be of value to WETA. Mr. Roberts said MGBW thinks prevailing wage pays higher wages to Californians and allows them to pay more federal tax, more income tax, buy property, and reinvest in their community. He cited a Maritime Administration study that said for every dollar spent in a shipyard, \$2.66 is spent in the regional economy which would be an approximately \$80 million benefit to the state and regional economy if the boats were built in California. He said it was also important to keep a large vendor base as it can cost tens of thousands of dollars to put together an RFP, such that the vendor base will continue to shrink, competition will decrease, and costs will go up. He noted that Washington state law mandates that Washington ferries be built in-state and that on the federal level, the FTA had done away with its past prohibition against local preference; however, he was endorsing the concept of offering more value to WETA. He said Washingtonians find value in keeping the business local and having an industrial base that can service their fleet. He said that of the two methods of emissions-compliance design that were available, MGBW took the route that provided a guarantee of compliance. Finally, he compared Kvichak to a Blackberry phone that was 30 points out of a thousand points better than its competitor but a million dollars more expensive and left WETA with a \$400,000 shortfall. He said MGBW was an iPhone, one million less expensive and leaving WETA with a budget surplus of \$400,000.

Public Comment

Ian McDaniel of Reliable Marine Electronics believed there was value added when the electricians who installed the systems on the boat are locally available to maintain it. He said that for warranty work, downtime was very expensive and that Reliable Marine had been able to respond on a same-day basis.

Public Comment

Keith Whittemore of Kvichak Marine Industries thanked WETA staff and said that Kvichak was also a small business and was involved in the construction of all four of WETA's Gemini class boats. He said Kvichak prided itself on delivering on time, on quality, on performance and on price.

Director Donovan asked if Kvichak was associated with Vigor Industrial. Mr. Whittemore said Kvichak was working on a potential merger with Vigor but that the deal had not closed. He said he felt the Vigor merger would be the best thing for Kvichak for the viability of shipbuilding in the long term, both in California and in Washington and Alaska, but that it was not yet known whether the merger would be completed.

Director DelBono returned to the issue of the prevailing wage stating that this contract involved California taxpayer money and this was an issue for him.

Director Donovan asked whether California had established a prevailing wage in the ship repair or shipbuilding industry. Mr. Whittemore said the California wage was \$20 an hour and added that Kvichak paid more than that.

Director Intintoli stated that the contractor selection process was never easy and that he had to look at what would best serve the public. He stated that the public wanted boats that were reliable and met emission requirements. Director Intintoli said he was unwilling to take the chance that WETA would not

have the boats it had paid for, on time and on schedule with all of the needed expertise in place, and therefore, he made a motion to follow the staff recommendation and approve the contract with Kvichak.

Director Donovan said that given the broad representation of the evaluation committee, staff had done a very good job of getting the information and presenting it to the Board. He acknowledged that choosing between the two firms was a sensitive issue and noted that Kvichak's bid was a million dollars higher, but said that if staff felt that was made up in the value of the product, he would also support the recommendation to award to Kvichak.

Director Donovan seconded the motion to approve the item. The motion carried on a 3-1 vote.

Yeas: Breckenridge Donovan, Intintoli. Nays: DelBono.

11. STATUS REPORT ON EFFORTS TO UPDATE EMERGENCY RESPONSE PLANS

Mr. Stahnke presented this informational item. He said many developments have occurred since 2009 when WETA initially completed its legislatively-mandated Emergency Water Transportation System Management Plan (EWTSMMP) and Emergency Operations Plan (EOP). He said that staff is prepared to update the current EWTSMMP and EOP plans in the coming months and that WETA had contracted with Lee Rosenberg of Navigating Preparedness Associates to outline an approach to updating the plans.

Chair Breckenridge said she was interested in the feedback that WETA had received from its outreach efforts on this issue and to know the other agencies' understanding WETA's role in an emergency situation. She asked if there were surprises in the feedback or significant gaps in understanding.

Mr. Stahnke said that his sense was that there was indeed a disconnect in other agencies' understanding of WETA's role, particularly with federal partners such as FEMA and the Coast Guard.

Ms. Gularte said that WETA had conducted five meetings with stakeholder agencies, including the Coast Guard, MTC, the San Francisco Department of Emergency Management, CalOES, and Blue & Gold Fleet. She said the perception of WETA's role is somewhat on track with what is required by the enabling legislation but that there also appeared to be confusion over who would be making decisions on priorities in a federal/state/local response situation. She felt there was possibly a belief that WETA had more authority than it does.

Ms. Rannells concurred, saying that WETA had to continually remind its partners that its role and authority is limited to coordination of ferry transit services.

Chair Breckenridge said the legislation is clear that WETA's role is that of a coordinator and that there would be a great deal of coordination involved that would be out of WETA's control.

Ms. Gularte said CalOES and FEMA were jointly developing a catastrophic plan and had done a variety of workshops. She said that as part of a mass-care course-of-action workshop, WETA emphasized that the agency would be working in conjunction with the other partners, such as the American Red Cross, that are established to provide other, complementary services such as shelter and care.

Chair Breckenridge said other emergency response issues included funding mechanisms, WETA staff presence in an emergency, and vessel crews along with security clearances. Mr. Stahnke concurred and noted that WETA was not the only transit or responder agency that had to deal with credentialing issues and clearance.

Director DelBono asked if necessary training would be provided to crews. Mr. Stahnke said that Blue & Gold Fleet was responsible for conducting training and WETA participated in their training program. He said there had been internal discussion regarding additional training relating to emergency preparedness and response.

Chair Breckenridge said she had participated in a table-top exercise during Fleet Week and stated that the San Francisco Fire Department was integrated in training programs for first responders and that they were a potential resource.

Ms. Rannells said people were pleased that WETA had reached out with this conversation at stakeholder meetings. She said MTC was also in the process of updating its plan.

Chair Breckenridge asked about the communication between MTC and CalOES and their expectations of WETA working through two different systems. Ms. Gularte said that throughout the meetings she had attended on the CalOES and FEMA plan, she had consistently emphasized that WETA works in conjunction with MTC and that the agency needs MTC to be at the table in any place where WETA operates.

Mr. Stahnke said he had been a multi-year participant on the Transportation Response Plan Steering Committee with CalOES at the meeting and that there had been a lot of discussion between CalOES and MTC. He said this was the CalOES Regional Emergency Operations Center (REOC) and since REOC has had some issues with organization, there were a few disconnects there. He talked about the Regional Incident Mobility Plan (RIMP), which primarily involved WETA, CHP, Caltrans, OES, and MTC as a coordinating group but that it was dependent on MTC taking a lead role, and the effort stalled out during the REOC reorganizations. He said it was a program that WETA staff would encourage MTC to re-establish.

Chair Breckenridge said that this was an important issue for WETA and gave kudos to the staff for its proactive outreach. She said that the alignment of expectations was a key issue for her.

Public Comment

Jerry Bellows of the Maritime Administration said he was looking forward to the plan. He said it was his understanding that many agencies were working together to coordinate their plans and to update them this year, so he was glad to see WETA participating.

Public Comment

Veronica Sanchez of Masters, Mates & Pilots asked about whether the emergency plan would include an assessment of the role to be played by the Central Bay Operations and Maintenance Facility. Chair Breckenridge said that beyond the people who are going to the REOC or wherever the transportation node is located, the Central Bay would certainly come into play in an emergency.

Ms. Sanchez said that addressing the issue of credentialing would benefit not only WETA staff but the captains and the deckhands as well. Chair Breckenridge concurred.

Ms. Sanchez said she had participated in many emergency plans and preparations, both as a consultant and as a stakeholder for the MMP and that she found that action items for where agencies need to have their mandates changed was lacking. She said that if it turned out there needed to be changes made to mandates, in terms of authorizing legislation, that this emergency plan is a document that could reflect that need. She said the next step would be a legislative or a public advocacy document.

Chair Breckenridge agreed, saying that that if Navigating Preparedness Associates and WETA staff found barriers that current legislation imposed, it would raise the question as to whether the agency needed to pursue changes to its authorizations.

12. ADJOURNMENT

All business having concluded, the meeting was adjourned at 2:57 p.m.

Respectfully Submitted,

Board Secretary
