

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

MINUTES OF THE BOARD OF DIRECTORS MEETING

(June 7, 2012)

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

1. ROLL CALL AND CALL TO ORDER

Chair Charlene Haught Johnson called the meeting to order at 1:10 p.m. Directors present were Vice Chair Anthony Intintoli, Director Gerald Bellows and Director Timothy Donovan. Director Beverly Johnson arrived 1:20 p.m. Chair Johnson led the Pledge of Allegiance.

2. REPORT OF BOARD CHAIR

Chair Johnson congratulated all involved in the June 4 launch of the South San Francisco ferry service, noting the strong attendance and success of the launch event.

3. REPORT OF DIRECTORS

Vice Chair Intintoli and Director Bellows agreed that it was a successful celebration. Director Donovan said that he wished he had taken the ferry to the event rather than being stuck in traffic. Vice Chair Intintoli added that Shirley Douglas Consulting had done an excellent job with event planning, and Chair Johnson agreed.

4. REPORTS OF STAFF

Executive Director Nina Rannells thanked the Board and added that every WETA staff member had contributed in one way or another to the launch of the new service and that many had been involved in putting together the June 4 event. She noted that during the initial days of service operation, passengers appeared to be a mix of commuters and general members of the public who were curious about the service and wanted to take advantage of the opportunity to ride the service for free. Ms. Rannells estimated that the service would settle into approximately 150 regular commuters, noting that outreach and promotional activities would continue.

Chair Johnson added that she had heard Manager of Transportation Services Ernest Sanchez' television and radio spots promoting the new service and said that they were terrific. Ms. Rannells added her thanks to Mr. Sanchez acknowledging his efforts in coordinating the June 4 event and the launch of the service.

Chair Johnson asked for an update on the status of the Salt River Construction protest regarding the proposal for the Clay St float replacement. WETA Counsel Stanley Taylor III of Nossaman LLP replied that after review, the protest had been rejected and the contract with Manson Construction had been executed by the Executive Director. Chair Johnson then asked for an update regarding the status of legislation to stagger the term length of the Board members. Mr. Taylor reported that the bill was out of its house of origin and now being reviewed in committee and that he saw no impediment to its passage.

5. CONSENT CALENDAR

Vice Chair Intintoli made a motion to approve the consent calendar which included the minutes from the May 3, 2012 meeting, an overview of the FY 2011/12 Financial Audit Scope and Process, and an Authorization to File Applications with the Metropolitan Transportation Commission for FY 2012/13 Regional Measure 1 and Regional Measure 2 Operating Funds. Director Bellows seconded the

motion the item carried unanimously.

6. APPROVE FISCAL YEAR 2012/13 OPERATING AND CAPITAL BUDGET

Ms. Rannells presented this item requesting Board approval of the Fiscal Year (FY) 2012/13 Operating and Capital Budget. She noted that a variety of staff had contributed to the development of the budget contents, but that Manager of Finance and Grants Lynne Yu and Planner/Analyst Lauren Gularte had done the bulk of the work in pulling the item together. She pointed out that it was a revised format from prior years as operations had become much more of WETA's focus and annual expenses.

Ms. Rannells reviewed the overall program, noting that a focus of activities under the planning and administration budget would be to conduct a systemwide review to identify opportunities to implement operating efficiencies now that all services are under WETA and a single contract operator. She indicated that the system was also due to undergo a fare analysis in order to consider any changes that might need to be made in relation to Clipper implementation or external fare recovery ratio or future budgetary requirements.

Vice Chair Intintoli noted that farebox recovery varied between routes but that he believed that the Vallejo service was at approximately 41%. He then asked when the parking garage in Vallejo would be opened and if Ms. Rannells had heard about the parking fee recommendation. Ms. Rannells indicated that she, too, had heard that the garage would be opened in August and that the City staff was to recommend a monthly fee of \$20 and daily fee of \$5. Vice Chair Intintoli said that that was correct and that he felt \$1 a day for regular commuters was a very reasonable rate.

Vice Chair Intintoli asked about the possibility of improvements at the Vallejo terminal facility. He noted that unlike the new facility at South San Francisco, there was no protection for waiting customers from rain and wind. Ms. Rannells pointed out that the Vallejo facility did include shelter in the Vallejo ticket office/ferry terminal building. Vice Chair Intintoli replied that there was also no shelter for the Rt 200 bus riders and that it would not be too expensive to provide a small structure, adding that it was important to be sensitive to the customers especially if fare changes were going to be considered. Ms. Rannells said that she appreciated this input.

Vice Chair Intintoli then addressed the Vallejo service schedule, noting that there was neither bus nor ferry service back to Vallejo from San Francisco on weekends after 9:00 p.m. He said that he was consistently asked by customers if this could be changed, adding that if WETA could improve service in ways that the City of Vallejo had not been able to that it would be a positive for all involved. Ms. Rannells said that staff would look into this as a part of the system review.

Vice Chair Intintoli then noted that he had observed silting in the channel and asked if dredging was needed. Manager of Operations Keith Stahnke replied that dredging had been completed during the fall of 2011 and that it may have appeared shallow as the result of a negative tide. Director Donovan asked how much clearance the vessels had during a negative tide. Vice Chair Intintoli answered that there was not much. Mr. Stahnke added that there was a protected marine habitat which dredging could not encroach upon and that there was sufficient depth for the boats to navigate safely. Ms. Rannells added that operationally it was not an issue.

Public Comment

Veronica Sanchez of Masters, Mates & Pilots asked if any funds in the operations budget were specific to security or emergency response activities.

Ms. Rannells replied that everything in the operations budget was a part of WETA's emergency response mandate and that as a result no one item was singled out. Ms. Sanchez asked if any programmatic funds for training, staff time or agency integration could be highlighted in the budget.

Mr. Stahnke replied that a full calendar of emergency response training and activities would continue in the next year as they had in the last. Ms. Rannells reiterated that WETA continued to be invested in its emergency response activities in all its actions. Ms. Sanchez recommended that these activities be highlighted in informational materials.

Director Bellows asked about the staffing budget in Attachment 3. Ms. Rannells said that she had not completely resolved the details of this item but as the volume of procurement under the capital program continued to escalate, additional staff would be required to keep pace. She noted that she saw a need for dedicated procurement staff and that such a position would also be needed for tasks such as grant approvals, coordination with the attorney's office, and tracking administrative details including items such as FTA requirements. She noted that projects were currently not moving forward as quickly as she would like due to staffing constraints and that additional staffing was essential in keeping the capital program moving forward. Ms. Rannells added that she would come back to the board with more specifics regarding staffing at a future date.

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

7. APPROVE PURCHASE OF FY 2012/13 COMMERCIAL INSURANCE POLICIES

Mr. Stahnke presented this item requesting that the Board approve the purchase of commercial insurance policies for FY 2012/13 for Marine Commercial Liability, Excess Marine Liabilities, Property Insurance, Docks, Pilings and Ramps, Public Officials and Employment Practices Liability Insurance, and Specialty Workers' Compensation for a total cost not to exceed \$175,000.

Director Donovan asked when the insurance program had last been audited. Mr. Stahnke reviewed the history of WETA's insurance program for Director Donovan, explaining that the need for insurance as an operator and owner of facilities was a recent one as WETA had first assumed the City of Alameda services in 2011. He said that in preparation for WETA's role as an operator Wells Fargo had been contracted to advise staff on insurance issues. Mr. Stahnke added that staff would be looking at broker options going forward before renewal of the Wells Fargo contract. Ms. Rannells added that WETA had not had a need to carry substantial insurance until they had become an operator.

Mr. Donovan replied that he was cautious of both over and underpaying for insurance. Ms. Rannells agreed, adding that unfortunately WETA did not have access to the same insurance plans and rates that the Cities of Alameda and Vallejo did and that as a small operator insurance costs were substantially higher.

Mr. Stahnke noted that for property insurance, the policies attached to the item covered full replacement costs. He said that coverage for liability was at \$10 million, upped to \$49 million when overlapped with the Blue & Gold Fleet's policies, which occurred primarily at the floats where a transition existed between terminal operations and vessel operations.

Director Bellows asked if the policies were in line with those of similar agencies. Mr. Stahnke replied that other ferry operators' insurance programs had been looked at closely but that most were in very dissimilar positions to WETA. He said that most operators were able to self-fund and carry high deductibles in a way that WETA was unable to at present and that WETA currently needed to have a low deductible to reflect low cash reserves. He noted that being able to hold such a reserve was a future goal. Ms. Rannells added that staff would continue to look at ways to fund such a reserve, suggesting the possibility that MTC could allow the creation of a reserve with RM2 funds that would allow WETA to save by purchasing higher deductible policies.

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

**8. APPROVE AMENDMENT TO THE VALLEJO FERRY SERVICE OPERATIONS
TRANSFER AGREEMENT**

Ms. Rannells presented this item requesting Board approval of an amendment to the Ferry Service Operations Transfer Agreement with the City of Vallejo and authorization for the Executive Director to execute the amendment and to take all other actions and execute all other documents as are necessary to complete the transfer. She noted that a revised draft amendment to the agreement had been distributed to Board and made available for the public at the meeting.

Ms. Rannells reported on key points that had been revised in the final agreement through the negotiation process, stating that WETA would now be taking the lead on the construction of the Vallejo maintenance facilities. She reminded the Board that the City had previously failed to obtain successful bids for the project but that WETA and City staff had revised several key points that should help reduce the project cost before re-bidding the project. She also noted that the agreement now provided for a direct lease for the maintenance facility with the landowner, Lennar, rather than a sublease through the City.

Ms. Rannells then referred to the amendment to the agreement, noting that Caltrans staff had requested a language insertion to represent any additional approvals which may be required regarding STIP funds provided through Caltrans and the California Transportation Commission. She added that this did not impact any other terms in the agreement.

Director Johnson asked if the parking facility would remain with the City of Vallejo. Ms. Rannells said that it would. Director Johnson asked if the bids for the maintenance facility were too high due to low engineers' estimates. Ms. Rannells replied that it was partially due to estimates which may have been too low, and Director Johnson interjected that that was unusual as projects in the current climate were typically coming in significantly below engineers' estimates.

Mr. Taylor replied that there were multiple factors that increased the complexity of the project over what would be considered typical, including split jurisdiction of the facility, some of which was on public trust land or owned by the Navy, and a long history of contamination of the soil and sub-surface areas. He said that much of the uncertainty around these issues would be resolved before the project was re-bid by WETA. Mr. Taylor also noted that it was the City of Vallejo who was the procurement party for the unsuccessful bids.

Vice Chair Intintoli added that Lennar had restricted that amount of land they were willing to let to the project and that this had required more of the facility to be built over the water. He also noted that the original bid had included a below-ground fuel tank. Ms. Rannells added that WETA had worked to change the configuration of both of these items for the re-bid, and that Manager of Planning and Development John Sindzinski was working on additional value engineering that had the potential to further reduce costs.

Director Donovan asked what the Navy's responsibility was for site cleanup. Mr. Taylor replied that the Navy's arrangement with Lennar did involve some cleanup responsibilities.

Mr. Sindzinski stated that many of the bid items had actually come in below cost but that it was the risk items which had come in significantly higher. He said that those were items WETA would focus on to reduce costs.

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

9. AUTHORIZE THE PARTIAL REDEMPTION OF THE SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY REVENUE BOND, SERIES 2010 AND THE EXECUTION AND DELIVERY OF THE FIRST SUPPLEMENT TO THE TRUST AGREEMENT

Ms. Yu presented this item requesting Board approval of the Partial Redemption of the San Francisco Bay Area Water Emergency Transportation Authority Revenue Bond, Series 2010 and to authorize the Executive Director to execute and deliver the First Supplement to the Trust Agreement, execute and deliver other associated bond documents as required, and to take any other such related actions as necessary to complete the transaction.

Director Johnson asked what the interest rate on the current bond was. Ms. Yu replied that it 4.63%, but that it would be lower in the new year if the Board authorized this payment. Ms. Rannells said that this was "use it or lose it" funding, and that paying down this debt now was good for WETA and had been worked out in agreement with MTC.

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

10. APPROVE CONTRACT AMENDMENT WITH NEMATODE MEDIA, LLC (DBA BAY CROSSINGS) FOR ADVERTISING IN BAY CROSSINGS AND OTHER PUBLIC INFORMATION AND MARKETING SERVICES IN FY 2012/13

Ms. Rannells presented this item requesting that the Board approve Amendment No. 4 to the agreement with Nematode Media, LLC (DBA Bay Crossings) in the amount of \$60,000 for advertising in *Bay Crossings* and other public information and marketing services and authorize the Executive Director to execute the amendment.

Ms. Rannells reviewed the history of WETA's ongoing relationship with Bay Crossings and added that the agreement provided for the publication of schedules in the Bay Crossings paper as well as funding additional store hours in the Ferry Building retail and ticket sales location.

Public Comment

Bobby Winston of Bay Crossings noted that he and his wife subsidized the work themselves but that they could not do it without the added support of WETA.

Director Donovan asked if the amount would include support for the newly added South San Francisco service. Mr. Winston said that they were pleased to provide information regarding all of WETA's ferry services.

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

11. APPROVE CONTRACT AMENDMENT WITH BROAD & GUSMAN, LLP FOR THE PROVISION OF STATE LEGISLATIVE REPRESENTATION IN FY 2012/13

Ms. Rannells presented this item requesting Board approval of Amendment No. 2 to the agreement with Broad & Gusman, LLP in the amount of \$66,000 for the provision of state legislative representation for FY 2012/13 and authorize the Executive Director to execute the amendment.

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

12. APPROVE CONTRACT AMENDMENT WITH NOSSAMAN LLP FOR THE PROVISION OF LEGAL SERVICES IN FY 2011/12 AND 2012/13

Ms. Rannells presented this item requesting that the Board approve Amendment No. 16 to the agreement with Nossaman LLP in the amount of \$850,000 for the provision of legal services in FY 2011/12 and FY 2012/13, and authorize the Executive Director to execute the amendment.

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

13. RECESS INTO CLOSED SESSION AND REPORT ON CLOSED SESSION

Chair Johnson called the meeting into closed session at 2:04 p.m. Upon reopening of the meeting at 3:05 p.m. she reported that no action had been taken.

14. ADJOURNMENT

All business having concluded, the meeting was adjourned at 3:05 p.m.

Respectfully Submitted,

Board Secretary
