WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

Members of the Board

Jody Breckenridge, Chair
Jeffrey DelBono
Anthony J. Intintoli, Jr.
Nicholas Josefowitz
James Wunderman, Vice Chair

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORATION AUTHORITY
BOARD OF DIRECTORS MEETING
Thursday, December 13, 2018 at 12:00 p.m.
Ron Cowan Central Bay Operations & Maintenance Facility
670 W Hornet Avenue, 3rd Floor
Alameda, CA

The full agenda packet is available for download at weta.sanfranciscobayferry.com

AGENDA

1. CALL TO ORDER – BOARD CHAIR

2. PLEDGE OF ALLEGIANCE/ROLL CALL

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

4. REPORTS OF DIRECTORS — ***Information***
   Directors are limited to providing information, asking clarifying questions about matters not on the agenda, responding to public comment, referring matters to committee or staff for information, or requesting a report to be made at another meeting.

5. REPORTS OF STAFF — ***Information***
   a. Executive Director's Report on Agency Projects, Activities and Services
   b. Monthly Review of Financial Statements
   c. Legislative Update

6. CONSENT CALENDAR — ***Action***
   a. Board Meeting Minutes – November 8, 2018
   b. Approve Contract Amendment 1 to Agreement with Fast Ferry Management, Inc. for Vessel Construction Management Services
   c. Approve Sole Source Contract Award to Pacific Power Group, LLC for Main Engine Overhauls

7. RECEIVE THE INDEPENDENT AUDITORS' REPORTS FOR THE FISCAL YEAR ENDING JUNE 30, 2018 — ***Action***

8. AUTHORIZE ACTIONS ASSOCIATED WITH THE SALE OF VESSELS — ***Action***

9. APPROVE PILOT PROGRAM TO ENHANCE HARBOR BAY AND SOUTH SAN FRANCISCO SERVICES — ***Action***

10. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

All items appearing on the agenda are subject to action by the Board of Directors. Staff recommendations are subject to action and change by the Board of Directors.

PUBLIC COMMENTS WETA welcomes comments from the public. Each person wishing to address the Board of Directors is requested to complete a Speaker Card. Please forward completed Speaker Card and any reports/handouts to the Board Secretary. Speakers will be allotted no more than three (3) minutes to speak and will be heard in the order of sign-up. Said time frames may be extended only upon approval of the Board of Directors.

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.

Agenda Items: Speakers on individual agenda items will be called in order of sign-up after the discussion of each agenda item.

WETA meetings are wheelchair accessible. Upon request, WETA will provide written agenda materials in appropriate alternative formats to individuals with disabilities. In addition, WETA will arrange for disability-related modifications or accommodations including auxiliary aids or services to enable individuals with disabilities to participate in public meetings. Please send a written request including your name, mailing address, telephone number and brief description of the requested materials in preferred alternative format and/or auxiliary aid or service at least five (5) days before the meeting. Requests should be made by mail to: Board Secretary, WETA, 9 Pier, Suite 111, San Francisco, CA 94111; by e-mail to: contactus@watertransit.org; or by telephone: (415) 291-3377.

M E M O R A N D U M

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: December 13, 2018

RE: Executive Director's Report

CAPITAL PROJECT IMPLEMENTATION UPDATE

4 New Vessels – Central Bay

This project will construct four new 400-passenger high-speed 27-knot propeller vessels; two to replace the MV *Encinal* and MV *Harbor Bay Express II* and two to support the growing demand for WETA services.

The Board of Directors approved a contract with Aurora Marine Design (AMD) for vessel construction management services in December 2013, and with Kvichak Marine Industries - now Vigor Kvichak (Vigor) - in April 2015 for the construction of two new replacement vessels. Vessel construction began in September 2015. The first of these vessels, the MV *Hydrus*, was completed in March and put into revenue service in April 2017. The second of these vessels, the MV *Cetus*, was placed into revenue service in August 2017.

On October 6, 2016 the Board of Directors approved a contract award to Vigor for construction of two additional vessels. The first of these vessels, The MV *Argo,* was placed into revenue service in June 2018. Work continues on the fourth vessel, the MV *Carina*. December work includes vessel relaunch, dockside commissioning, USCG inspection and builders trials. Sea trials will be conducted on January 8-11. The MV *Carina* is scheduled for completion at the shipyard and transit to San Francisco in late January 2019.

3 New Vessels – North Bay

This project will construct three new 445-passenger high-speed 34-knot jet propulsion vessels to support WETA's Vallejo and North Bay services. In December 2015, the Board of Directors approved a contract with Fast Ferry Management for vessel construction management services. On September 1, 2016 the Board of Directors approved a contract award to Dakota Creek Industries for vessel construction. Vessel construction is in full swing.

The design and engineering work for the three new vessels is complete; all structural drawings have been approved. Main engine exhaust emissions testing was completed and Environmental Protection Agency (EPA) Tier 4 compliance for emissions was demonstrated at the factory. An agreement between WETA, MTU, Pacific Power Group and Dakota Creek for field testing of these first-ever MTU Tier 4 compliant engines has been finalized. MV *Pyxis* was launched on October 6. Systems testing and sea trials will begin in December. Delivery of MV *Pyxis* vessel to Vallejo is projected to occur in January 2019. Hull and superstructure construction on the second vessel MV *Vela* is at 90% complete. Waterjets have been installed on the MV *Vela* and the shipyard is starting the work to install mechanical and electrical systems. Hull framing for the third vessel, MV *Lyra,* is complete and her keel was laid.

MV *Peralta* Mid-Life Project – Phase Two
This project provides for a general refurbishment of the MV *Peralta*. On December 7, 2017 the Board of Directors approved a contract award to Marine Group Boat Works. The Phase Two refurbishment includes: renovation of the passenger cabins, bathrooms and galley, exterior paint and coatings, navigation electronics, control systems upgrades, steering system replacement, stern hull section module. The stern hull sections have been replaced with new modules and are complete. The cabin interior passenger spaces have been cleared and repainted and the overhead ceiling has been replaced. The main deck bar was removed; new flooring and counters are installed. Control and navigation systems are replaced. Deck coverings and seating are installed. The project is complete and the MV *Peralta* returned to service in November.

New Commuter Class Vessel
In December 2017, the Board of Directors approved a release of a Request For Proposals (RFP) to procure a mid-sized high-speed passenger vessel, with potential options, that will establish a new class of WETA vessel with the versatility to support WETA's diverse system of services. On March 1, 2018, the Board of Directors approved a contract award to Glosten for Construction Management Services to support vessel construction. This mid-size high speed vessel will meet WETA's needs for serving both long and short routes and facilities constrained by vessel size and water depth. On October 4, 2018, the Board of Directors approved award of a contract for the vessel to Mavrik Marine, Inc for this vessel. Design work has begun.

Central Bay Operations and Maintenance Facility
This project constructed a new ferry operations and maintenance facility at Alameda Point to serve as the base for WETA's existing and future Central Bay ferry fleet and operations. The project was led by Overaa/Power, a Joint Venture, and construction management was provided by 4Leaf, Inc. The project is largelycomplete. Blue & Gold has moved all WETA Central Bay vessel operations and administrative staff to the new facility. Facility and system modifications and final move-in details remain and will continue to be addressed as Blue & Gold settles into this new facility and operating environment.   An opening ceremony will be held on December 13, 2018 at 1:30 at the the new facility.

Downtown San Francisco Ferry Terminal Expansion Project
This project will expand berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and existing ferry services to San Francisco. The project also includes landside improvements needed to accommodate expected increases in ridership, and to support emergency response capabilities. Project construction is being provided by Power Engineering under a Guaranteed Maximum Price contract, and construction management is being provided by CH2M, now Jacobs Engineering.

Construction began in February 2017 and is scheduled to be fully completed by January 2020. In the interim, Gate G is scheduled to be completed later this month and Gate F is scheduled to be operational in early January. As Gates G & F are available, WETA will transfer operation of the Alameda/Oakland and Harbor Bay services from Gate E to the new gates allowing the contractor to proceed with reconstruction of Gate E and completion of the north side of project. WETA will notice passengers prior to the service transition and will provide on-site assistance to help passengers queue at the new gates.

Richmond Ferry Terminal and Service
This project will construct a ferry terminal in Richmond to support new public transit ferry service between Richmond and San Francisco. Construction consists of replacing an existing facility

(float and gangway) and the expansion and upgrading of an existing surface parking lot. Manson Construction is the main contractor and construction management is being provided by Ghirardelli Associates. New service will be operated with the support of Contra Costa County Measure J funds authorized by the Contra Costa County Transportation Authority (CCTA) in March 2015.

Project dredging and pile removal was completed in October 2017 and waterside pile installation was completed in November 2017. Construction of the landside improvements commenced in February 2018 and will be completed by the end of the year. Staff has consulted with the City of Richmond and mutually agreed on a service opening date of January 10, 2019. Marketing for the new service is underway, with a ribbon cutting event scheduled for 1:30 p.m. on January 10, 2019 at the terminal. A marketing task force including various stakeholders has been meeting on a biweekly basis.

Terminal Dredging
At the August Board meeting a contract was awarded to the Dutra Group for South San Francisco Ferry Terminal dredging at the Oyster Point Marina. The BCDC permit for this project was delayed beyond the anticipated start date, but work is now underway and expected to be complete by the end of the year.

At the September Board meeting a contract was awarded to the R.E. Staite for dredging and float and gangway rehabilitation work at the Vallejo Ferry Terminal. Dredging has been completed and related gangway and float work is expected to be completed in December.

<u>SERVICE DEVELOPMENT UPDATE</u>
Mission Bay Ferry Landing
The Port of San Francisco released an engineering feasibility and site selection study for a future Mission Bay ferry landing in March 2016. WETA staff participated in the study and provided input regarding ferry operations and potential service models. In December 2016, the Port of San Francisco awarded a contract to COWI/OLMM to complete preliminary design, permitting and entitlement activities, and began the process in partnership with WETA. To support the effort, the City and Port of San Francisco placed $7 million in its capital budget. A project Memorandum of Understanding (MOU) between the Port and WETA was adopted by the WETA Board in January 2017. Staff has been working together with Port staff and their consultants on initial design and environmental testing activities. The environmental document is complete. The Port is working to identify funds to move the project forward to construction and has submitted a request for WETA to program $25 million in Regional Measure 3 to support project construction, which is estimated to cost approximately $40 million.

Oakland Athetic's Howard Terminal Stadium Proposal
WETA staff has met with the Oakland Athletics organization and the Howard Terminal stadium development team. Discussions thus far have been high level and have not been detailed to the point of developing service plans or evaluating infrastructure needs. However, WETA staff will be an active participant in the project transportation discussions moving forward and will be submitting a letter during the scoping phase for the anticipated Environmental Impact Report.

Alameda Seaplane Lagoon Ferry Terminal
In April 2016, the Alameda City Council and WETA Board of Directors adopted a MOU defining a future service concept for western Alameda and identifying the terms and conditions under which a new Seaplane Lagoon Ferry Service would be implemented. The MOU defines roles and responsibilities for each party pertaining to the proposed construction of a new ferry

terminal along Seaplane Lagoon on the former Naval Air Station at Alameda Point, future operation of the service, and the pursuit of funds necessary to support the new service. The City has contracted with Marcy Wong Donn Logan Architects to complete the final design of the ferry terminal. WETA staff is participating in the design effort. Staff continues to work with the City to fulfill WETA's commitments under the MOU with the common goal of achieving the start of service by 2020.

The transfer of property from the City to the development team - Alameda Point Partners - included a $10 million contribution toward the Seaplane Lagoon Ferry Terminal. The City previously secured $8.2 million from the Alameda County Transportation Commission for the terminal and has recently committed $2 million from City general funds. In August 2018, the WETA Board of Directors authorized a commitment of $2 million to the project to close a funding gap and keep the project on schedule for an early 2020 opening. WETA staff is working to support City of Alameda efforts to move this project to construction and anticipates continuing in a consultative and support role during construction.

Redwood City Ferry Terminal
WETA prepared a draft Redwood City ferry terminal site feasibility report in 2012 in an effort to identify site opportunities, constraints and design requirements, and better understand project feasibility and costs associated with the development of a terminal and service to Redwood City. During the summer of 2016, staff from the Port of Redwood City (Port), WETA and Redwood City met to redefine a ferry project that could potentially be developed in phases given existing funding limitations. The project concept shifted the development toward a public facility available to multiple ferry operators in advance of formal WETA service given the lack of project funds for such service at this time. This alternative development model would allow the Port and City to move forward with construction of a terminal, allowing time for WETA and the City to advocate for operational and vessel funding for eventual WETA service.

In an effort to jump-start a regional conversation on the Redwood Ferry service, Board Chair Breckenridge, Vice Chair Wunderman and WETA staff participated in a site visit to the Port on May 25, 2018 that also included Port Commissioners, the Mayor of Redwood City, and Councilmembers from Redwood City and Burlingame. In addition, staff from multiple agencies and private sector stakeholders such as Google and Prop SF was in attendance. The two-hour site event consisted of a visit to an adjacent property to view a potential ferry terminal location and an hour of presentations and discussion among the group.

Redwood City is now leading an effort to prepare a Financial Feasibility Study and Cost Benefit Analysis Report for the Redwood City Ferry Terminal Construction and Service utilizing $450,000 in San Mateo County Measure A transportation sales tax funds. As a part of this study, they will be entering into an agreement with the San Mateo County Transportation Authority to develop and adopt the Feasibility Study and Business Plan. The feasibility will be completed in approximately 12 months. Concurrent with this activity, Redwood City, Port of Redwood City and WETA staff are working to develop a draft MOU for future Board consideration that defines agency roles and responsibilities for working together to advance the terminal planning and development.

Berkeley Ferry Terminal
The proposed Berkeley service will provide an alternative transportation link between Berkeley and downtown San Francisco. In past years, staff worked to develop a draft environmental assessment for a project to build a new ferry terminal and service in Berkeley at a site just south of the Berkeley Fishing Pier. This work was ultimately suspended due to extraordinary

mitigation measures required by National Marine Fisheries related to project dredging and due to the lack of full funding for project construction and operation; a prerequisite to Federal Transit Administration (FTA) completion of the federal environmental process (NEPA).

City of Berkeley staff recently initiated a study to explore strategies for rebuilding the city's Municipal Fishing Pier, including a concept for a dual-use pier facility that would serve as both a ferry terminal and public access space. This study seeks to address issues related to not only the City's loss of public access to waterfront, but also conflicts that have emerged with the operation of private ferry service within the Berkeley Marina. The study was not originally scoped to consider WETA as the primary ferry service operator; however, both City and WETA staff have expressed a mutual interest in expanding the study to do so. Staff is currently working with their respective counsels to draft an MOU that would define a partnership between the parties for expanding the City's ferry study and pursuing further development of the project, should a feasible concept be identified. Execution of the MOU would require approval by both the WETA Board and the Berkeley City Council.

Treasure Island Service
This project - which will be implemented by the Treasure Island Development Authority (TIDA), the San Francisco County Transportation Authority (SFCTA), acting in its capacity as the Treasure Island Mobility Management Authority, and Lennar Urban, the prospective developer - will institute new ferry service between Treasure Island and downtown San Francisco in connection with the planned Treasure Island Development Project.

WETA staff has worked with City of San Francisco staff over the years to support development of this project. We currently participate in regular meetings of the City's Technical Advisory Committee, convened to update and further develop the Treasure Island Mobility Management Program that will include a new ferry service to be provided in conjunction with the development project. Staff has reached out to SFCTA to schedule a meeting to discuss their plans to advance the opening date for new ferry service from 2023 to 2021.

SYSTEM PLANS/STUDIES
Alameda Terminals Access Initiatives
The City of Alameda City Council authorized a residential parking permit program for the Harbor Bay Ferry Terminal area in February 2017. City of Alameda staff coordinated with the Harbor Bay Master Homeowner's Association to develop a strategy for implementing the residential permit and enforcement program, including outreach to surrounding communities and ferry riders. On June 27, the City began the outreach effort with cooperation from WETA through the Bay Alerts system. The City continued its outreach process through the end of August and began active enforcement in September 2017. To make up for the loss of parking, WETA began working with the City to develop strategies to enhance alternative access to the terminal, and staff executed an agreement with AC Transit to offer a reciprocal free transfer to ferry riders who take the bus to the ferry. In addition, bike lockers were upgraded and new bike racks were installed.

Recently, the City submitted an application to allow on-street parking on Harbor Bay Parkway and Adelphian Way, two streets where BCDC has imposed no parking or limited parking rules. A group of Harbor Bay riders have submitted letters of support for the City proposal and WETA staff has also written to support the proposed change as a benefit to ferry riders.

At the request of the Harbor Bay Homeowner's Association and the City of Alameda, WETA has been working with the City in considering a parking fee at the Harbor Bay lot. WETA staff has engaged CDM Smith to evaluate potential parking fee programs, not just for Harbor Bay but for the entire WETA system. A program of systemwide parking fee program policy goals was approved by the WETA Board in November 2016 that can be used to guide the development of a specific paid parking program for the Harbor Bay Terminal site. Staff has recently asked City of Alameda staff to confirm that there is still interest in paid parking at Harbor Bay and how this would be integrated into the City's overall plans for parking at the other two terminals in Alameda once Seaplane Lagoon is operational in 2020.

At Main Street, WETA worked with City of Alameda staff beginning in spring 2015 to open the Officer's Club parking lot as an overflow lot for the many riders who had been parking on dirt lots or on the shoulders of Main Street. WETA funded a new crosswalk and minor improvements to the lot, which opened to ferry riders in May 2016. In addition to the parking improvements, 20 bicycle lockers were installed at the Main Street terminal in February 2016. Staff has since shifted focus to identify additional access improvement possibilities - such as buses, shuttles, bicycles, and pedestrian improvements - after the parking improvements were underway, and has met with private companies like Lyft, Chariot and Scoop in an effort to explore alternative options for improving transportation options for ferry riders in Alameda and elsewhere.

WETA recently submitted a letter of support for a City of Alameda proposal to restripe Main Street to allow for Class 2 bike lanes, narrowing vehicular lanes from four to three. The proposal is intended to improve bicycle access and overall safety for ferry commuters accessing the terminal.

Solano County Water Transit Plan and Financial Feasibility Study
The Solano Transportation Authority (STA) has begun a feasibility study of potential ferry and water transit routes in and around Solano County. WETA is a partner on the study by serving on a Technical Advisory Committee and funding the necessary ridership forecasting tasks, similar to the role WETA played in the 2014 Ferry Feasibility Study in Contra Costa County. The STA study is expected to be complete by the end of 2019. Staff will provide the Board with updates as the study progresses.

Small Vessel Service Study
An Advisory Committee of the Board has been formed and has met on four occasions to initiate study of small vessels as a complement to WETA's service. The Board Subcommittee consists of Board members Josefowitz and Intintoli, and a transportation consultant, ARUP, has been engaged to perform the analysis. Staff has also convened and met with a Technical Advisory Committee (TAC) to solicit input on the project and held meetings with individual stakeholders.Staff anticipates having a draft report for discussion with the full Board of Directors in January 2019.

<u>EMERGENCY RESPONSE ACTIVITIES UPDATE</u>
WETA's enabling legislation directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. The following emergency response related activities are currently underway:

- Staff is continuing to work on ordering emergency communications equipment for the Central Bay Operations & Maintenance Facility, and is developing a functional layout for converting the conference room into an EOC during an event requiring EOC activation.

- On December 5, the CBOMF hosted K9 training on board moored ferry vessels. Participating agencies included U.S.C.G., BART PD, Alameda PD, Oakland PD and WETA's contract operator Blue & Gold Fleet.

- On December 6, the CBOMF hosted Chemical, Biological, Radiological, Nuclear, and Explosives (CBRNE) and Active Shooter training dockside aboard a WETA ferry. Participating agencies included U.S.C.G., U.S. Department of Homeland Security, FBI, Lawrence Livermore Lab and WETA's contract operator Blue & Gold Fleet.

OTHER PROJECTS

Ridership Database
WETA has contracted with TransSight LLC to build a web-based Ridership Database and Reporting System to improve access to and use of ridership and other operating data from Blue & Gold Fleet's data systems. The database has been deployed for staff access.

Mobile Ticketing Platform
WETA has developed a mobile ticketing platform that will allow riders to use their mobile devices to buy tickets for the ferry. Visitors and other infrequent riders who do not have Clipper Cards will be the primary users of the mobile ticketing platform. On August 2, the WETA Board approved award of a contract for the mobile ticketing platform to Hopthru, Inc. The Hopthru mobile ticketing platform was launched on October 29, 2018.

OPERATIONS REPORT

Monthly Operating Statistics - The Monthly Operating Statistics Report for October 2018 is provided as ***Attachment A***.

KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH

On November 13, Kevin Connolly attended the Alameda Shuttle Task Force.

On November 13, Nina Rannells attended the Bay Area Partnership Legislative Committee Meeting at MTC.

On November 14, Keith Stahnke made a presentation to the San Mateo County Harbor District Board of Commissioners.

On November 14, Kevin Connolly made a presentation to the East Bay Leadership Council Transportation Committee.

On November 14, Nina Rannells attended the Solano Transportation Authority Awards Dinner with Director Intintoli.

On November 15, Kevin Connolly attended a "Transportation Salon" hosted by the Oakland Athletics to discuss transportation issues surrounding the proposed new stadium at Howard Terminal.

On November 16, Thomas Hall met with Visit Richmond to discuss the Richmond ferry service launch.

On November 29, Taylor Rutsch attended the Oakland Athletics community announcement for the proposed Howard Terminal Stadium site.

On November 30, Kevin Connolly and Mike Gougherty provided a site tour of the Main Street ferry terminal and Central Bay Operations and Maintenance facility for the Deputy City Manager, City Attorney, and senior staff from the City of Berkeley

On December 6, Kevin Connolly attended a task force formed by MTC to study transit ridership trends.

OTHER BUSINESS

Regional Measure 3

Senate Bill 595 (Beall), authorized a new bridge toll measure - Regional Measure 3 (RM3) - to raise the tolls on the state-owned bridges to fund a program of regional transportation improvements in the San Francisco Bay Area. In June 2017, during the development of this bill, the WETA Board adopted a Regional Measure 3 Principles and Investment Program. The final measure adopted by the legislature included $300 million in capital funds to support construction of WETA vessels, terminals and facilities and an operating subsidy of up to $35 million annually to support WETA's growing regional ferry system.

On January 24, 2018, the Bay Area Toll Authority authorized moving forward to place RM3 on the June 5, 2018 ballot. The measure, which passed by a majority of Bay Area voters, will raise tolls by $3 over a six year period starting with a $1 increase on January 1, 2019, and followed by additional $1 increases in January 2022 and January 2025. This measure has been challenged by two lawsuits that are currently pending in the Superior Court in the City and County of San Francisco.

On November 29, 2018, the Bay Area Toll Authority (BATA) held a public hearing to receive comments on a proposal to begin collecting new bridge tolls authorized by SB 595 and Regional Measure 3 on January 1, 2019, and to place these tolls into an escrow account until the lawsuits are settled. Under the proposal, if BATA prevails in the litigation the funds would be applied to the RM3 program of projects and if BATA loses the litigation the funds would be reimbursed to tollpayers. BATA is scheduled to take final action on this proposal at their regularly scheduled meeting on December 19, 2018. Under this plan, no RM3 funds would be available to project sponsors, including WETA, for capital or operating programs until the lawsuits are settled.

END

Attachment A

Monthly Operating Statistics Report
October 2018

			Alameda/ Oakland	Harbor Bay	South San Francisco	Vallejo	Systemwide
Boardings	vs. last month	Total Passengers October 2018	132,594	33,702	13,712	98,205	278,213
		Total Passengers September 2018	130,350	28,153	11,778	96,916	267,197
		Percent change	1.72%	19.71%	16.42%	1.33%	4.12%
	vs. same month last year	Total Passengers October 2018	132,594	33,702	13,712	98,205	278,213
		Total Passengers October 2017	116,951	31,019	12,727	88,560	249,257
		Percent change	13.38%	8.65%	7.74%	10.89%	11.62%
	vs. prior FY to date	Total Passengers Current FY To Date	562,461	123,696	50,706	417,812	1,154,675
		Total Passengers Last FY To Date	512,647	114,332	48,635	394,384	1,069,998
		Percent change	9.72%	8.19%	4.26%	5.94%	7.91%
		Avg Weekday Ridership October 2018	4,298	1,465	596	3,547	9,906
Ops Stats		Passengers Per Hour	155	195	91	142	149
		Revenue Hours	855	173	150	690	1,868
		Revenue Miles	11,966	3,304	2,464	22,143	39,877
		Farebox Recovery	57%	48%	41%	65%	56%
		Cost per Available Seat Mile	$0.25	$0.33	$0.50	$0.24	$0.27
		Average peak hour utilization, AM	75%	91%	51%	95%	78%
		Average peak hour utilization, PM	81%	81%	57%	93%	78%
Fuel		Fuel Used (gallons)	65,566	17,553	12,986	163,955	260,060
		Avg Cost per gallon	$2.86	$2.86	$2.86	$2.84	$2.85

AGENDA ITEM 5b
MEETING: December 13, 2018

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2018/19 Financial Statements for Four Months Ending October 31, 2018

Recommendation
There is no recommendation associated with this informational item.

Summary
This report provides the attached FY 2018/19 Financial Statements for four months ending October 31, 2018.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenues	$7,681,305	$7,546,533	$8,430,058
Bridge Toll Revenues	5,097,122	7,049,433	5,325,744
Other Revenues	600	242,667	5,400
Total Operating Revenues	**$12,779,027**	**$14,838,633**	**$13,761,202**
Expenses - Year To Date:			
Planning & Administration	$497,834	$1,000,000	$631,069
Ferry Services	12,281,194	13,838,633	13,130,133
Total Operatings Expenses	**$12,779,027**	**$14,838,633**	**$13,761,202**
System-Wide Farebox Recovery %	**63%**	**55%**	**64%**

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2018/19 Budget
Revenues:		
Federal Funds	$5,429,190	
State Funds	25,262,217	
Bridge Toll Revenues	6,265,830	
Other Revenues	230,769	
Total Capital Revenues	**$37,188,006**	**31.86%**
Expenses:		
Total Capital Expenses	**$37,188,006**	**31.86%**

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

END

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San Francisco Bay Area Water Emergency Transportation Authority
FY 2018/19 Statement of Revenues and Expenses
For Four Months Ending 10/31/2018

% of Year Elapsed *33%*

	Oct-18 Actual	Year - To - Date FY2017/18 Actual	FY2018/19 Budget	FY2018/19 Actual	Total FY2018/19 Budget	*% of Total Budget*
OPERATING EXPENSES						
PLANNING & GENERAL ADMIN:						
Wages and Fringe Benefits	$91,280	$316,042	$517,267	$385,730	1,551,800	*24.9%*
Services	59,654	268,747	455,800	291,483	1,367,400	*21.3%*
Materials and Supplies	233	8,413	60,167	1,012	180,500	*0.6%*
Utilities	4,167	9,955	13,700	12,818	41,100	*31.2%*
Insurance	-	1,201	9,433	1,200	28,300	*4.2%*
Miscellaneous	13,334	9,383	104,267	44,291	312,800	*14.2%*
Leases and Rentals	31,430	122,236	129,567	125,170	388,700	*32.2%*
Admin Overhead Expense Transfer	(59,547)	(238,143)	(290,200)	(230,635)	(870,600)	*26.5%*
Sub-Total Planning & Gen Admin	**$140,550**	**$497,834**	**$1,000,000**	**$631,069**	**3,000,000**	***21.0%***
FERRY OPERATIONS:						
Harbor Bay FerryService						
Purchased Transportation	$237,427	$600,745	$760,000	$784,644	2,280,000	*34.4%*
Fuel - Diesel & Urea	50,266	122,499	202,500	173,383	607,500	*28.5%*
Other Direct Operating Expenses	46,203	118,739	250,800	180,562	752,400	*24.0%*
Admin Overhead Expense Transfer	7,376	30,135	33,600	28,457	100,800	*28.2%*
Sub-Total Harbor Bay	**$341,272**	**$872,117**	**$1,246,900**	**$1,167,046**	**3,740,700**	***31.2%***
Farebox Recovery	***48%***	***59%***	***45%***	***51%***	***45%***	
Alameda/Oakland Ferry Service						
Purchased Transportation	$948,220	$3,164,946	$3,111,800	$3,208,416	9,335,400	*34.4%*
Fuel - Diesel & Urea	187,742	515,853	671,300	666,468	2,013,900	*33.1%*
Other Direct Operating Expenses	154,061	381,039	846,400	649,127	2,539,200	*25.6%*
Admin Overhead Expense Transfer	26,171	103,207	127,833	102,573	383,500	*26.7%*
Sub-Total Alameda/Oakland	**$1,316,195**	**$4,165,045**	**$4,757,333**	**$4,626,583**	**14,272,000**	***32.4%***
Farebox Recovery	***57%***	***65%***	***56%***	***68%***	***56%***	
Vallejo FerryService						
Purchased Transportation	$991,096	$3,906,078	$3,978,700	$3,715,437	11,936,100	*31.1%*
Fuel - Diesel & Urea	465,643	1,460,449	1,916,000	1,913,658	5,748,000	*33.3%*
Other Direct Operating Expenses	122,215	756,110	661,800	499,222	1,985,400	*25.1%*
Admin Overhead Expense Transfer	21,995	88,663	104,833	85,582	314,500	*27.2%*
Sub-Total Vallejo	**$1,600,948**	**$6,211,301**	**$6,661,333**	**$6,213,898**	**19,984,000**	***31.1%***
Farebox Recovery	***65%***	***66%***	***58%***	***70%***	***58%***	
South San Francisco FerryService						
Purchased Transportation	$203,731	$752,525	$800,000	$814,214	2,400,000	*33.9%*
Fuel - Diesel & Urea	37,122	121,886	192,400	132,251	577,200	*22.9%*
Other Direct Operating Expenses	50,405	142,181	166,167	162,118	498,500	*32.5%*
Admin Overhead Expense Transfer	4,005	16,138	14,500	14,023	43,500	*32.2%*
Sub-Total South San Francisco	**$295,263**	**$1,032,730**	**$1,173,067**	**$1,122,606**	**3,519,200**	***31.9%***
Farebox Recovery	***41%***	***34%***	***36%***	***33%***	***36%***	
Total Operating Expenses	**$3,694,228**	**$12,779,027**	**$14,838,633**	**$13,761,202**	**$44,515,900**	***30.9%***
OPERATING REVENUES						
Fare Revenue	$2,082,782	$7,681,305	$7,546,533	$8,430,058	22,639,600	*37.2%*
Regional - Bridge Toll	1,611,445	5,097,122	7,049,433	5,325,744	21,148,300	*25.2%*
Regional - Alameda Tax & Assessment	-	-	242,667	-	728,000	*0%*
Other Revenue		600	-	5,400	-	*0%*
Total Operating Revenues	**$3,694,228**	**$12,779,027**	**$14,838,633**	**$13,761,202**	**$44,515,900**	***30.9%***

San Francisco Bay Area Water Emergency Transportation Authority
FY 2018/19 Statement of Revenues and Expenses
For Four Months Ending 10/31/2018

Project Description	Oct-18 Total	Total Project Budget	Total Prior Expense	Total FY2018/19 Budget	Total FY2018/19 Expense	Total Future Year	% of Total Project Budget Spent
CAPITAL EXPENSES:							
FACILITIES:							
Terminal Construction							
Downtown Ferry Terminal Expansion - South Basin	$5,178,423	$97,965,000	$46,780,727	$34,556,273	$15,201,701	$16,628,000	*63%*
Richmond Ferry Terminal	1,598,608	21,000,000	11,134,262	9,865,738	5,583,751	-	*80%*
Maintenance and Operations Facilities							
Ron Cowan Central Bay Operations & Maintenance Facility	56,392	69,500,000	60,723,722	8,776,278	2,190,007	-	*91%*
Terminal Improvement							
Terminal Dredging - Vallejo and South San Francisco	10,359	5,100,000	106,999	4,993,001	109,828	-	*4%*
FERRY VESSELS:							
Vessel Construction							
445-Pax Replacement Vessel - M/V Vallejo	1,239,792	23,372,000	12,443,000	10,929,000	5,557,867	-	*77%*
445-Pax Expansion (Waterjet) Vessels - 2 vessels	588,083	46,745,000	15,557,743	20,187,257	4,134,549	11,000,000	*42%*
400-Pax Expansion (Propeller) Vessels - 2 vessels	18,885	33,400,000	26,533,692	6,866,308	3,108,923	-	*89%*
New Commuter Class High-Speed Vessel [1]	14,961	15,300,000	93,374	9,106,626	135,668	6,100,000	*1%*
Vessel Rehabilitation and Refurbishment							
Vessel Mid-Life Refurbishment - M/V Peralta	34,213	5,117,000	2,929,906	2,187,094	1,146,818	-	*80%*
Vessel Engine Overhaul - M/V Intintoli and M/V Mare Island	-	3,000,000	-	1,500,000	600.00	1,500,000	*0%*
Vessel Qtr-Life Refurburbishment - M/V Scorpio	7,020	2,500,000	-	2,500,000	7,020	-	*0%*
Vessel Engine Overhaul - M/V Taurus	-	800,000	-	800,000	-	-	*0%*
Vessel Service Life Extension - M/V Solano	11,275	13,000,000	-	3,375,000	11,275	9,625,000	*0%*
CAPITAL EQUIPMENT / OTHER:							
CCTV Install and Network Intergration - East Bay Terminals	-	400,000	-	400,000	-	-	*0%*
Purchase Service Vehicles	-	500,000	27,088	472,912	-	-	*5%*
Purchase Selective Catalyst Reduction (SCR) System	-	200,000	-	200,000	-	-	*0%*
Total Capital Expenses	**$8,758,012**	**$337,899,000**	**$176,330,514**	**$116,715,486**	**$37,188,006**	**$44,853,000**	
CAPITAL REVENUES:							
Federal Funds	$1,031,742	$79,920,140	$33,033,731	$37,986,409	$5,429,190	$8,900,000	*48%*
State Funds	8,124,443	201,533,450	112,665,044	61,852,046	25,262,217	27,016,360	*68%*
Regional - Bridge Toll	(406,419)	53,222,010	29,605,664	14,899,706	6,265,830	8,716,640	*67%*
Regional - Alameda Sales Tax Measure B / BB	8,246	1,723,400	586,075	1,137,325	230,769	-	*47%*
Regional - Alameda TIF / LLAD		400,000	-	400,000	-	-	*0%*
Regional - San Francisco Sales Tax Prop K		1,100,000	440,000	440,000	-	220,000	*40%*
Total Capital Revenues	**$8,758,012**	**$337,899,000**	**$176,330,514**	**$116,715,486**	**$37,188,006**	**$44,853,000**	

[1] *On 10/4/2018, Board approved Total Project Budget increase of $1.3 million, from $14.0 million to $15.3 million.*

LINDSAY HART, LLP
FBB Federal Relations

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Ray Bucheger

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TO: WETA Board Members

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

SUBJECT: WETA Federal Legislative Board Report – December 2018

This report covers the following topics:
1. What the Election Results Mean for WETA in 2019
2. Incoming House T&I Committee Chairman to Provide Stronger Oversight Over FTA
3. Keeping WETA's Priorities Front and Center

<u>What the Election Results Mean for WETA in 2019</u>

The 2018 election didn't necessarily change the political dynamic in the Senate (more on that below), but it made Democrats the majority party in the House in 2019. This means that many of WETA's key supporters will have more political clout in the new year. This includes Congresswoman Nancy Pelosi, who will likely be the Speaker of the House, and Reps DeSaulnier, Garamendi and Huffman, who are members of the House Transportation and Infrastructure (T&I) Committee and will have more ability to advocate for WETA priorities, including additional funding for the Federal Highway Administration (FHWA) ferry formula program and the Federal Transit Administration (FTA) ferry grant program. Higher funding levels would mean additional funding WETA capital projects. Increasing the level of funding for either program requires Congress to pass legislation.

The incoming Chairman of the House T&I Committee, which will write any infrastructure legislation that moves through the House and is solely responsible for reauthorizing the *FAST Act* in the House (the *FAST Act* provides DOT with the authority to distribute money through the FHWA and FTA ferry programs) is Congressman Peter DeFazio (D-OR). Congressman DeFazio supports funding for transit and is aware of our push to increase funding for the FHWA and FTA ferry programs. In fact, we arranged for WETA Board Chair Jody Breckenridge to meet with Congressman DeFazio in his office over the summer to advocate for additional funding for federal ferry programs.

Republicans remain the majority party in the Senate, which means that little will change in that chamber. The California Senators will continue to be strong advocates for WETA. This is important, because while neither Senator sits on a committee with jurisdiction over FHWA or FTA, the fact that Republicans maintain a narrow majority in that chamber (even after the election) means that any legislation that Republican leaders want to take up and pass will have to be bipartisan in nature. That is not to mention the fact that any individual Senator has the power to slow down or block any legislation that leadership tries to move on the Senate floor if that Senator believes the legislation will hurt their constituents or wants to use this leverage to gain additional benefits for their constituents.

<u>Incoming House T&I Committee Chairman to Provide Stronger Oversight Over FTA</u>

Public ferry systems have long been concerned with the process that FTA uses to distribute ferry grants – we have written about this many times in our reports to the Board. Not only is the process slow, the agency often combines funding for multiple years, forcing ferry systems to guess about how much money will be available through the grant program during any given funding round. This issue is not unique to the ferry program – members of Congress have been generally expressing frustration over the FTA's processes for months. With that in mind, and as part of his oversight role, one of the first things that incoming House T&I Committee Chairman Peter DeFazio plans to do in 2019 is invite DOT officials to testify about their slow-walking of transit grants. This is an issue we have discussed with DeFazio's committee staff.

Keeping WETA's Priorities Front and Center

We are continuing to work with WETA staff to look for various opportunities to engage certain key members of Congress outside of Washington, D.C. This includes possibly getting Washington Senator Patty Murray and / or Washington Congressman Rick Larsen to a Washington shipyard for a photo-op; inviting Rep Barbara Lee to the opening of the Central Bay Operations & Maintenance Facility; inviting Rep Nancy Pelosi to the ribbon cutting of the Downtown Ferry Building project; and inviting Rep Mark DeSaulnier to the opening of the Richmond ferry building.

Respectfully Submitted,

Peter Friedmann and Ray Bucheger

AGENDA ITEM 6a
MEETING: December 13, 2018

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

(November 8, 2018)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session at Pier 1, Port of San Francisco.

1. CALL TO ORDER – BOARD CHAIR

Chair Jody Breckenridge called the meeting to order at 1:31 p.m.

2. ROLL CALL

Chair Breckenridge, Vice Chair James Wunderman, and Director Anthony Intintoli were in attendance.

3. REPORT OF BOARD CHAIR

Chair Breckenridge said that she had recently taken a walk along the Richmond waterfront and reported that the terminal construction progress was looking excellent. She also noted that she had just attended the State of California Governor's Military Council meeting where she had spoken with senior policy officers from various state entities. Chair Breckenridge said the conversations had provided her with some good feedback and potential opportunities for WETA.

4. REPORTS OF DIRECTORS

Vice Chair Wunderman said that he and Executive Director Nina Rannells had traveled to the United Kingdom to learn more about hovercraft technology currently in use there. He said the ride on the craft had been on a calm day, and was quieter, smoother and faster than he had anticipated.

5. REPORTS OF STAFF

Ms. Rannells shared her written report with Directors. She said that WETA's new online ferry ticket service, provided and administered by Hopthru, went live on October 29 and riders were already utilizing it to purchase their tickets using their mobile phones. Ms. Rannells said that the WETA Board meeting that had been planned for December 6 had been moved to December 13 to be combined with an open house event at WETA's new Ron Cowan Central Bay Operations and Maintenance Facility in Alameda. She reminded Directors that an event to launch the new Richmond ferry service on January 10, 2019 was also scheduled to take place after the WETA January Board meeting that will be held in Richmond that morning.

Directors discussed the potential impact of the lawsuits challenging Regional Measure 3 (RM3) and acknowledged that this could mean that no new RM3 capital or operating funds would be available to WETA for some time.

6. CONSENT CALENDAR

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

a. Board Meeting Minutes – October 4, 2018
b. Resolution Authorizing the Filing of Applications with the Federal Transit Administration

Vice Chair Wunderman seconded the motion and the consent calendar carried unanimously.

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

7. APPROVE BOARD OF DIRECTORS MEETING SCHEDULE FOR CALENDAR YEAR 2019

Ms. Rannells presented this item to approve the Board of Directors meeting schedule for 2019.

Chair Breckenridge noted that Director Josefowitz had inquired about moving the regular Board meeting location to the offices of the Metropolitan Transportation Commission (MTC) where the meeting could be recorded in multiple ways and broadcast to help assure public accessibility beyond written minutes. She said that staff had looked into this request and found that moving the meeting to the MTC offices would require that Directors set the meeting schedule around the MTC meeting room schedule for the year which would result in unpredictable meeting dates and times.

It was agreed that the meetings would continue to take place at the Port of San Francisco offices as a home base for now and that additional recording and broadcast options for the meetings would be explored. It was also agreed that staff would work with Board members to solicit input for holding meetings at other locations in the region during the year and bring a revised calendar forward at a future meeting.

Vice Chair Wunderman made a motion to approve the item.

Director Intintoli seconded the motion and the item passed unanimously.

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

8. OVERVIEW OF WETA SYSTEM PERFORMANCE MEASURES

Planning & Development Manager Kevin Connolly presented this overview of WETA system performance measures. He shared a slideshow with Directors that detailed the various methods currently and metrics used to collect data and track WETA system performance. Directors discussed some general objectives and considerations for future data collection and reporting.

Mr. Connolly explained that there currently were no unique “weekend” performance measures in use and noted that there will be, since the weekend ridership demographic was different than that of the weekday commute ridership and being able to look at the two groups individually could be informative. Mr. Connolly said that staff would continue to refine and develop its targets, guidelines and data collection to incorporate into the monthly Board reports shared with Directors each month.

9. DOWNTOWN SAN FRANCSICO FERRY TERMINAL EXPANSION PROJECT UPDATE

Senior Planner/Project Manager Michael Gougherty presented this item on the Downtown San Francisco Ferry Terminal Expansion Project. He said that the contractor was nearing completion of Gates F and G, and they were scheduled to open prior the launch of WETA’s new Richmond ferry service in January 2019. Mr. Gougherty explained that WETA will shift operations for its services on the Alameda/Oakland and the Harbor Bay routes to these new gates to allow the contractor to rebuild Gate E and finish construction of the new plaza being built just north of the Agriculture Building. Mr. Gougherty noted that about 75 percent of all pile driving for the project is complete. He said the project construction was on track to be complete in January 2020.

10. VESSEL PROPULSION TECHNOLOGY UPDATE

Operations & Maintenance Manager Keith Stahnke introduced two speakers, Chief Technology Officer and Chief Executive Officer of Golden Gate Zero Emission Marine Dr. Joseph Pratt, and Aurora Marine Design President Shaun Green, who provided updates on pioneering green technology for vessels and discussed how the technologies might benefit WETA as they evolve in the near future.

Dr. Pratt provided Directors with an introduction to hydrogen fuel cell technology. In a slideshow presentation, he shared an overview of the vessel *Water-Go-Round* and discussed the demonstration services planned for the zero emission vessel on San Francisco Bay. He said Sandia Laboratories will be independently collecting information on the vessel technology and use by crews. Dr. Pratt emphasized that the two primary greener technology options currently available – hydrogen fuel cell and battery propulsion – each had benefits and costs that could vary with applications such as short or long routes, fast or slow speeds, and heavy or light loads or number of passengers being carried. He said the two options had different refueling/recharging requirements which also should be considered when exploring the technology. Dr. Pratt said that because hydrogen is such a light gas, it dissipates very quickly into the atmosphere and removes itself from the ecosystem right away and because of this, it is considerably safer than diesel fuel for the environment. Dr. Pratt added that much larger tanks are required to store hydrogen than to store diesel onboard vessels and he said the fueling can be done directly from tanks on trucks.

Mr. Green gave a slideshow presentation on the evolution of vessel propulsion technology emphasizing electric battery technology. He explained that route choice would absolutely be key in the success of utilizing this technology for WETA vessels. Mr. Green emphasized that any plans for a new green technology vessel would need to future-proof the choice made to assure that the technology will still make sense in ten or 20 years over the life of the vessel. He explained that the objective for a WETA electric vessel would be to identify a route where the vessel is spending most of its time maneuvering and idling at low speeds, with a maximum high speed of 25 knots utilized to complete the route. He noted that the best choice for this of the current WETA routes was the Central Bay route between Oakland, Alameda and San Francisco, and he added that the future planned service route between San Francisco and Treasure Island could also be ideal because of that route's short distance. It was noted that hybrid diesel-electric would require adding considerable weight to a vessel with the current state of the technology because of the size and weight of the battery banks.

It was also noted that both new technology options were evolving quickly and being tested and employed with more urgency and frequency. Dr. Pratt noted that 200 electric charging stations were expected to be installed throughout Northern California before 2025 under a governor mandate. Mr. Green said he recommended that WETA soon consider putting batteries on a vessel, despite the potential loss of some efficiency, so the agency can begin to prepare for the future. He said these technologies will continue to flow down the pipeline and the pace of their evolutions will continue to accelerate. Dr. Pratt agreed, and said he believed the future is in plant based fuel and no carbon emissions with two of the biggest challenges being storage of energy on vessels and that energy's origin or generation.

Executive Director Nina Rannells expressed staff's interest in further exploring these alternative propulsion technologies. She noted that staff has discussed ways that WETA might partner with Golden Gate Zero Emission Marine to allow demonstration of the *Water-Go-Round* on its Alameda-Oakland service route. She further stated that, with Board support, staff would continue work to investigate opportunities to build and demonstrate the viability of a WETA high speed battery electric ferry vessel.

11. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

No public comments were shared.

All business having been concluded, the meeting was adjourned at 3:36 p.m.

- Board Secretary

END

AGENDA ITEM 6b
MEETING: December 13, 2018

MEMORANDUM

TO: **Board Members**

FROM: **Nina Rannells, Executive Director**
Keith Stahnke, Operations & Maintenance Manager

SUBJECT: **Approve Contract Amendment 1 to Agreement with Fast Ferry Management, Inc. for Vessel Construction Management Services**

Recommendation

Approve Amendment 1 to Agreement #15-013 with Fast Ferry Management, Inc. for vessel construction management services to extend the contract term to December 31, 2021, and authorize the Executive Director to execute the amendment.

Background/Discussion

In December 2015, the Board authorized award of a contract to Fast Ferry Management, Inc. (FFM) for $1,890,000 to provide project development and construction management services for the construction of three new North Bay vessels. This award, which was the result of a Request for Qualifications process, was made prior to development and award of a contract for vessel construction. When executed, the term of the contract was set to expire on June 30, 2019; the projected end date of vessel construction at the time. Contract Amendment 1 would extend the contract term to December 31, 2021, to cover construction management services through the end of vessel construction and closeout of the vessel warranty period.

Staff recommends approval of Amendment 1 to Agreement #15-013 with FFM to extend the contract term, which would include establishing annual billing rates for the extended term of this time and materials contract. The construction management services budget for this contract is sufficient to support the anticipated work through the warranty period. FFM has demonstrated excellence in every aspect of its work providing construction management services for the North Bay vessel construction projects.

Fiscal Impact

There is no fiscal impact associated with this proposed amendment.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2018-34

APPROVE CONTRACT AMENDMENT 1 TO AGREEMENT WITH FAST FERRY MANAGEMENT, INC. FOR VESSEL CONSTRUCTION MANAGEMENT SERVICES

WHEREAS, in December 2015, WETA entered into Agreement #15-013 with Fast Ferry Management Inc. (FFM) for $1,890,000 to provide construction management services for the for the construction of three North Bay passenger vessels; and

WHEREAS, WETA staff has recommended amending the Agreement with FFM to extend the contract term to December 31, 2021; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves Amendment 1 to Agreement #15-013 with FFM to extend the contract term to December 31, 2021; and be it further

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

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on December 13, 2018.

YEA:
NAY:
ABSTAIN:
ABSENT:

____

/s/ Board Secretary
2018-34
END

AGENDA ITEM 6c
MEETING: December 13, 2018

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Sole Source Contract Award to Pacific Power Group, LLC for Main Engine Overhauls

Recommendation

Approve the award of a Sole Source Contract to Pacific Power Group, LLC (PPG) in the amount of $2,500,000 for the purchase of main propulsion engine overhaul maintenance services for the MV *Intintoli, Mare Island, and Taurus*, and authorize the Executive Director to negotiate and execute an agreement and take any other required actions to support this work.

Background/Discussion

The four MTU 16V4000M73 EPA Tier 2 main engines on the MV *Intintoli* and *Mare Island* have been in service since original installation in 2012 and are approaching their time-between-overhaul (TBO) threshold of 21,000 hours. In order to remain in compliance with the preventative maintenance schedule for these engines, they must be removed from the vessels and undergo a complete mechanical overhaul by an authorized MTU service dealer.

These engines will be removed one at a time and our swing MTU 16V4000 M73 engine will be used to minimize the down time for each vessel during this maintenance period. The main engines for the MV *Intintoli* will be cycled out in January and March of 2019, while the main engines for the MV *Mare Island* will be cycled out in June and August of 2019. In each instance the vessel will be out of service for approximately one week to complete the engine swaps.

The two MTU 16V2000M70 main engines on the MV *Taurus* have been in service since their previous completed overhaul in 2015, and are approaching their time-between-overhaul (TBO) threshold of 7,000 hours. In order to remain in compliance with the preventative maintenance schedule for these engines, they must be removed from the vessels and undergo a complete mechanical overhaul by an authorized MTU service dealer.

These engines will be removed one at a time and our swing MTU 16V2000 M70 engine will be installed as the first engine on the MV *Taurus* is removed. This strategy will minimize the amount of time that the vessel remains out of service. The work is expected to have the MV *Taurus* out of service for the month of April 2019.

Scope of Work

This project will purchase the main propulsion engine overhaul services of an authorized MTU service dealer to provide parts, labor, materials, testing, and commissioning of main propulsion engines for the WETA vessels noted above.

Sole Source Discussion

There is sole source justification to award the procurement of these engine overhaul services to PPG as they are uniquely qualified to provide complete technical, engineering, logistics and service support. PPG is currently a factory-assigned dealership for WETA as determined by MTU for the provision of MTU engines, parts, and services.

PPG is well qualified to carry out this project as it has the requisite technical application experience with these engine models in terms of inspections, service, repairs, and complete engine overhauls and it has a large workforce of seasoned and experienced mechanics qualified on MTU 16V 4000 and 2000 series engines. Further, PPG has the unique ability to complete engine overhauls in 6 weeks for Series 4000 engines and in as little as 2 weeks for a Series 2000 engine in support of WETA operational needs. PPG has an onsite dynamometer capable of testing these marine engines following complete tear down and overhaul.

PPG has provided main propulsion engine purchase and service support for WETA on several vessel procurement and repower projects in the past, including new construction of *Hydrus* Class and *Pyxis* Class vessels. PPG performs ongoing service and repair to WETA's vessels and is also the factory-assigned rep to provide sales, service and repair for Golden Gate Ferry vessels here in the San Francisco Bay Area.

Staff has analyzed PPG's price proposal and finds it to be fair and reasonable as the price is in alignment with historical engine overhaul services on these families of engines. WETA's independent cost estimate for the base work totals $2,600,000 while the total base work pricing offered by PPG is $2,141,060.

The recommended contract authorization amount of $2,500,000 includes a base award for engine overhaul work, transportation, testing, sea trials, and 17 percent contingency. WETA will pay California state use tax directly from the project budgets.

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

Fiscal Impact

The *Vessel Engine Overhaul* – MV *Intintoli and* MV *Mare Island* and *Vessel Engine Overhaul* – MV *Taurus* projects are included in the FY 2018/19 Capital Budget in the amount of $3,000,000 and $800,000 respectively. The projects are presently funded with 80% Federal (FTA) funds, 16% Regional Measure 1 capital funds, and 4% AB664 Net Bridge Toll Revenue. Sufficient funds are available in the total budget for these projects of $3,800,000 to support the award of this contract.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2018-35

APPROVE SOLE SOURCE CONTRACT AWARD TO PACIFIC POWER GROUP, LLC FOR MAIN ENGINE OVERHAULS

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (Authority) has identified the need for the overhaul of main propulsion engines on the ferry vessels *Intintoli, Mare Island and Taurus* in order to remain in compliance with the preventative maintenance schedule for these engines; and,

WHEREAS, the Authority has determined that Pacific Power Group, LLP is the MTU factory-assigned dealership for the sales, parts, and service of MTU Series 4000 and 2000 engines in the Bay Area region; and,

WHEREAS, the Authority has determined that this procurement meets the requirements for sole source procurement under WETA and federal regulations and as set forth in the WETA's Administrative Code Section 502.2(E); and

WHEREAS, the Authority has identified Pacific Power Group, LLP as being both responsive and responsible in the provision of services; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves entering into an agreement with Pacific Power Group, LLP in an amount up to $2,500,000 which includes a 17% project contingency and authorizes the Executive Director to execute the agreement and take any other required actions to support this work.

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on December 13, 2018.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2018-35
END

AGENDA ITEM 7
MEETING: December 13, 2018

MEMORANDUM

TO: Board Members

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

SUBJECT: Receive the Independent Auditors' Reports for the Fiscal Year Ending June 30, 2018

Recommendation

Receive the Independent Auditors' Annual Financial Reports for the fiscal year ending June 30, 2018, as submitted by Maze & Associates, including the following:

a. Memorandum on Internal Control;
b. Required Communications;
b. Basic Financial Statements;
c. Single Audit Report;
d. Measure B Fund Financial Statements; and
e. Measure BB Fund Financial Statements.

Background

Section 106.6 of the WETA Administrative Code requires the preparation of annual audit reports by an independent auditor consistent with California Government Code Section 66540.54. WETA has contracted with Maze & Associates (Maze), through a competitive procurement process, to perform this independent audit work.

Discussion

The Independent Auditors' Reports for the fiscal year ending June 30, 2018, issued by Maze and provided for Board acceptance, are comprised of the following:

Memorandum on Internal Control and Required Communications

The Memorandum on Internal Control and Required Communications, provided as ***Attachment A and Attachment B,*** *respectively*, 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. Maze did not identify any deficiencies in internal controls that were considered to be material weaknesses during the audit.

Basic Financial Statements

The Basic Financial Statements are provided as ***Attachment C*** to this report. These statements include an Independent Auditor's Report, Management Discussion and Analysis Basic Financial Statements and Required Supplementary Information for the year ending June 30, 2018. The Independent Auditor's Report provides the opinion that WETA's basic financial statements present fairly in all material respects the respective financial position of the business-type activities of the agency as of June 30, 2018, and the respective changes in financial position 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 Report, provided as ***Attachment D***, is a required examination of an entity that expends $750,000 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 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 types of compliance requirements applicable to the federal program for the year ended June 30, 2018.

Measure B and Measure BB Fund Financial Statements
The Measure B (MB) and Measure BB (MBB) Fund Financial Statements, provided as ***Attachment E*** and ***Attachment F,*** respectively, are required of WETA in relation to the receipt of Alameda County MB and MBB funds in FY 2017/18. These reports include the financial statements for WETA's MB and MBB funds and compliance opinion of the funds received and used. 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 is in compliance with the laws and regulations, contracts, and grant requirements related to MB and MBB funds for the year ended June 30, 2018.

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

Fiscal Impact
There is no fiscal impact associated with this report.

END

Attachment A

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEMORANDUM ON INTERNAL CONTROL

FOR THE YEAR ENDED
JUNE 30, 2018

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

MEMORANDUM ON INTERNAL CONTROL

For The Year Ended June 30, 2018

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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 the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2018, 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 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.

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 requiring compliance with *Government Auditing Standards,* and is not intended to be and should not be used by anyone other than these specified parties.

Maze & Associates

Pleasant Hill, California
December 3, 2018

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

2018-01: <u>New GASB Pronouncements or Pronouncements not yet Effective</u>

The following comment represents new pronouncements taking affect in the next few years. We cite them here to keep you informed of developments.

EFFECTIVE FISCAL YEAR 2018/19:

GASB 83 – *<u>Certain Asset Retirement Obligations</u>*

This Statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this Statement.

This Statement establishes criteria for determining the timing and pattern of recognition of a liability and a corresponding deferred outflow of resources for AROs. This Statement requires that recognition occur when the liability is both incurred and reasonably estimable. The determination of when the liability is incurred should be based on the occurrence of external laws, regulations, contracts, or court judgments, together with the occurrence of an internal event that obligates a government to perform asset retirement activities. Laws and regulations may require governments to take specific actions to retire certain tangible capital assets at the end of the useful lives of those capital assets, such as decommissioning nuclear reactors and dismantling and removing sewage treatment plants. Other obligations to retire tangible capital assets may arise from contracts or court judgments. Internal obligating events include the occurrence of contamination, placing into operation a tangible capital asset that is required to be retired, abandoning a tangible capital asset before it is placed into operation, or acquiring a tangible capital asset that has an existing ARO.

This Statement requires the measurement of an ARO to be based on the best estimate of the current value of outlays expected to be incurred. The best estimate should include probability weighting of all potential outcomes, when such information is available or can be obtained at reasonable cost. If probability weighting is not feasible at reasonable cost, the most likely amount should be used. This Statement requires that a deferred outflow of resources associated with an ARO be measured at the amount of the corresponding liability upon initial measurement.

This Statement requires the current value of a government's AROs to be adjusted for the effects of general inflation or deflation at least annually. In addition, it requires a government to evaluate all relevant factors at least annually to determine whether the effects of one or more of the factors are expected to significantly change the estimated asset retirement outlays. A government should remeasure an ARO only when the result of the evaluation indicates there is a significant change in the estimated outlays. The deferred outflows of resources should be reduced and recognized as outflows of resources (for example, as an expense) in a systematic and rational manner over the estimated useful life of the tangible capital asset.

GASB 83 – *Certain Asset Retirement Obligations (Continued)*

A government may have a minority share (less than 50 percent) of ownership interest in a jointly owned tangible capital asset in which a nongovernmental entity is the majority owner and reports its ARO in accordance with the guidance of another recognized accounting standards setter. Additionally, a government may have a minority share of ownership interest in a jointly owned tangible capital asset in which no joint owner has a majority ownership, and a nongovernmental joint owner that has operational responsibility for the jointly owned tangible capital asset reports the associated ARO in accordance with the guidance of another recognized accounting standards setter. In both situations, the government's minority share of an ARO should be reported using the measurement produced by the nongovernmental majority owner or the nongovernmental minority owner that has operational responsibility, without adjustment to conform to the liability measurement and recognition requirements of this Statement.

In some cases, governments are legally required to provide funding or other financial assurance for their performance of asset retirement activities. This Statement requires disclosure of how those funding and assurance requirements are being met by a government, as well as the amount of any assets restricted for payment of the government's AROs, if not separately displayed in the financial statements.

This Statement also requires disclosure of information about the nature of a government's AROs, the methods and assumptions used for the estimates of the liabilities, and the estimated remaining useful life of the associated tangible capital assets. If an ARO (or portions thereof) has been incurred by a government but is not yet recognized because it is not reasonably estimable, the government is required to disclose that fact and the reasons therefor. This Statement requires similar disclosures for a government's minority shares of AROs.

GASB 88 – *Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements*

The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt.

This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses.

For notes to financial statements related to debt, this Statement also requires that existing and additional information be provided for direct borrowings and direct placements of debt separately from other debt.

How the Changes in This Statement Improve Financial Reporting

The requirements of this Statement will improve financial reporting by providing users of financial statements with essential information that currently is not consistently provided. In addition, information about resources to liquidate debt and the risks associated with changes in terms associated with debt will be disclosed. As a result, users will have better information to understand the effects of debt on a government's future resource flows.

EFFECTIVE FISCAL YEAR 2019/20:

GASB 84 – *Fiduciary Activities*

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government’s fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

GASB 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government’s majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government’s holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

GASB 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61) (Continued)*

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

EFFECTIVE FISCAL YEAR 2020/21:

GASB 87 – *Leases*

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period*

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principle.

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Attachment B

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2018

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS

For The Year Ended June 30, 2018

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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 for the year ended June 30, 2018. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the 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.

GASB 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*

The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency.

This Statement replaces the requirements of Statements No. 45, *Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions*, as amended, and No. 57, *OPEB Measurements by Agent Employers and Agent Multiple-Employer Plans*, for OPEB. Statement No. 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, establishes new accounting and financial reporting requirements for OPEB plans.

The scope of this Statement addresses accounting and financial reporting for OPEB that is provided to the employees of state and local governmental employers. This Statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, deferred inflows of resources, and expense/expenditures. For defined benefit OPEB, this Statement identifies the methods and assumptions that are required to 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 defined benefit OPEB also are addressed.

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In addition, this Statement details the recognition and disclosure requirements for employers with payables to defined benefit OPEB plans that are administered through trusts that meet the specified criteria and for employers whose employees are provided with defined contribution OPEB. This Statement also addresses certain circumstances in which a nonemployer entity provides financial support for OPEB of employees of another entity.

In this Statement, distinctions are made regarding the particular requirements depending upon whether the OPEB plans through which the benefits are provided are administered through trusts that meet the following criteria:

- Contributions from employers and nonemployer contributing entities to the OPEB plan and earnings on those contributions are irrevocable.

- OPEB plan assets are dedicated to providing OPEB to plan members in accordance with the benefit terms.

- OPEB plan assets are legally protected from the creditors of employers, nonemployer contributing entities, the OPEB plan administrator, and the plan members.

The pronouncement became effective, and as disclosed in Notes 2F and 8B to the financial statements required a prior period restatement for the cumulative effect on the financial statements.

The following GASB pronouncements became effective, but did not have a material effect on the financial statements:

GASB 81 - *Irrevocable Split-Interest Agreements*

GASB 85 - *Omnibus 2017*

GASB 86 - *Certain Debt Extinguishment Issues*

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 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.

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.

Estimated Fair Value of Investments: As of June 30, 2018, the Authority held approximately $115 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2018. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2018.

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.

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.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriated level of management. We have no such misstatements to report to the Board.

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 December 3, 2018.

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 Authority auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Information Accompanying the Financial Statements</u>

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 Board of Directors 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
December 3, 2018

Attachment C

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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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, 2018, 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 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 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 opinion.

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Opinion

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, 2018, and the respective changes in financial position and 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 Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions*, which became effective during the year ended June 30, 2018 and required the restatement of net position as discussed in Note 8B.

This emphasis does not constitute a modification to our opinion.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents 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 December 3, 2018 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
December 3, 2018

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, 2018. 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, deferred outflows, liabilities, deferred inflows and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) is shown as the difference between total assets and total liabilities.

Statement of Activities—presents revenues, expenses and changes in net position 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.

ORGANIZATION DESCRIPTION AND BUSINESS

In October 1999, the California state legislature formed the Water Transit Authority (WTA), a regional agency mandated to create a long-term plan for new and expanded water-transit and related services on the San Francisco Bay. Effective January 1, 2008, a new state law, Senate Bill 976, dissolved the WTA and replaced it with the San Francisco Bay Area Water Emergency Transportation Authority (Authority). This new regional agency is responsible for consolidating and operating public ferry services in the Bay Area, planning new service routes, and coordinating ferry transportation response to emergencies or disasters affecting the Bay Area transportation system.

In August 2008, the Authority Board of Directors (Board) adopted the following Mission Statement for the organization:

> *The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is a regional agency with responsibility to develop and operate a comprehensive Bay Area regional public water transportation system. The Authority shall also provide water transportation services in response to natural or manmade disasters.*

At the same time, the Authority Board approved a Vision for how the Authority would pursue its Mission:

> *Establish and operate a regional ferry system that connects communities, reduces congestion and provides an emergency response capability.*

Taken together, the Mission and Vision describe and characterize the Authority's multiple functional roles in the regional transportation network.

In October 2010, the Alameda City Council and the Authority Board adopted the transition agreement for the Alameda/Oakland and Alameda Harbor Bay ferry services. The transition was completed in April 2011, transforming the Authority into a transit operating entity. In October 2011, the Vallejo City Council and the Authority Board adopted the transition agreement for the Vallejo ferry service. Transition of the Vallejo ferry service was completed on July 1, 2012. In addition to operating the three routes transitioned from the cities of Alameda and Vallejo, the Authority initiated its first expansion ferry service to South San Francisco in June 2012.

All ferry services operated by the Authority are collectively branded and marketed as "San Francisco Bay Ferry."

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows exceeded liabilities and deferred inflows by $363.1 million at June 30, 2018, a $94.7 million or 35% increase from June 30, 2017.

The following is a summary of the Authority's net position as of June 30, 2018 and 2017 along with a discussion of some of the most significant balances (in thousands):

	2018	2017
Assets:		
Current and other assets	$129,699	$154,805
Capital assets	344,458	252,195
Total assets	$474,157	$407,000
Deferred Outflows of Resources:	$1,288	$1,214
Liabilities:		
Current liabilities	$18,429	$26,484
Unearned/deferred revenue	93,219	112,421
Other noncurrent liabilities	403	512
Total liabilities	$112,051	$139,417
Deferred Inflows of Resources:	$270	$326
Net Position:		
Invested in capital assets, net of related debt	$344,458	$252,195
Restricted	6,460	4,476
Unrestricted	12,206	11,801
Total net assets	$363,124	$268,472

The increase in assets was attributed to increase in capital construction in progress and the addition of three new ferry vessels. Deferred outflows related to the Authority's pension and other post-employment benefits (OPEB) activities have also increased as a result of the Authority's pension and OPEB contributions subsequent to the valuation measurement date.

Current liabilities consisted primarily of accounts payable. The decrease was mainly attributed to the decrease in total unpaid vendor invoices as of June 30, 2018 when compared to June 30, 2017. Unearned/deferred revenues consisted primarily of voters approved Proposition 1B (Prop 1B) grant funds. The decrease in Unearned/deferred revenues was due to the reduction in unspent Prop 1B grant receipts. The decrease in Other noncurrent liabilities was due to the decrease in net pension liability.

The largest portion of the Authority's net position (95%) 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 37% during the year.

An additional portion of the Authority's net position (2%), Restricted net position, represents resources that are subject to external restrictions imposed by grantors and contributors that restrict the use of net assets, increased $2.0 million during the year. The remaining Unrestricted net position (3%) may be used to meet ongoing obligations.

The Authority adopted the provisions of the Governmental Accounting Standards Board 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, 2017. Pension contributions made in FY2017/18 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, 2018 balances, including Deferred outflow of resource and Deferred inflow of resources, at June 30, 2018 are not comparable to the balances at June 30, 2017.

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 75 (GASB 75), which became effective during the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). GASB 75 requires the Authority to include the unfunded OPEB liabilities in its financial statements.

FISCAL YEAR 2018 FINANCIAL HIGHLIGHTS

- Fare revenues increased by $1.8 million or 10% ($20.4 million in 2018 compared to $18.6 million in 2017). This was due, in part, to the implementation of year three, of the five year fare program adopted by the Authority Board in September 2014, in which single-ride fares are increased 3% on July 1. The increase in fare revenues was also due to the 7.7% increase in system-wide ridership.

- Operating expenses, before depreciation, increased from $33.0 million in 2017 to $38.0 million in 2018, a change of $5.0 million. This increase was due to the additional costs to support the continuation of the Bay Bridge Forward Ferry Enhancement Program in 2018. The increase was also attributed to the addition of four maintenance engineers to manage and perform routine maintenance on the Authority's fleet of vessels and the increased operating hours for the Harbor Bay ferry service to maintain service capacity when the high-capacity vessel is out for scheduled repairs.

- Non-operating revenues increased from $14.1 million in 2017 to $17.6 million in 2018, an increase of $3.5 million. This increase was mainly due to the following: 1) the additional $2.9 million operating subsidies to support increased operating expenses, and 2) the $2.0 million increase in Restricted Net Position.

- Capital contributions received in the form of grants and assistance from the Federal, State, and Local governments increased from $89.9 million in 2017 to $105.9 million in 2018. In 2018, the Authority was involved in major projects such as the *Purchase of Three Replacement Vessels, Purchase of Five Expansion Vessels, Major Component Rehabilitation and Quarter-Life Refurbishment of the M/V Peralta, the M/V Solano, the M/V Bay Breeze and the M/V Taurus, Completion of the North Bay Operations and*

Maintenance Facility, Construction of the Central Bay Operations and Maintenance Facility, Construction of the Downtown San Francisco Ferry Terminal Expansion and the Richmond Ferry Terminal.

- Total Assets and Deferred Outflows increased by $67.2 million ($475.4 million in 2018 compared to $408.2 million in 2017) and total Liabilities and Deferred Inflows decreased by $27.4 million ($112.3 million in 2018 compared to $139.7 million in 2017), resulting in an increase of total Net Assets of $94.6 million ($363.1 million in 2018 compared to $268.5 million in 2017).

PROGRAM INITIATIVES AND OUTLOOK

On July 6, 2017, the Authority's Board approved a contract amendment with Power Engineering Construction for an amount of $48.6 million to complete the Phase Two work of the *Downtown San Francisco Ferry Terminal Expansion* project.

On July 6, 2017, the Authority's Board also approved a motion to support California Senate Bill 595, a regional measure to improve mobility in Bay Area bridge corridors.

On October 5, 2017, the Authority's Board approved a contract award to Bay Ship & Yacht Co. in the amount of $750,000 for the *Vessel Major Component Rehabilitation – M/V Solano* project.

On December 7, 2017, the Authority's Board approved a contract award to Marine Group Boat Works, LLC for the *Mid-Life Refurbishment Phase II - M/V Peralta* project in the amount of $4.4 million.

On January 11, 2018, the Authority's Board approved a contract award for an amount not to exceed $1.2 million to Aurora Marine Design for marine engineering and construction management services to support the implementation of several vessel rehabilitation and refurbishment projects including *Mid-Life Refurbishment Phase II – M/V Peralta*, *Quarter-Life Refurbishment – M/V Scorpio*, and *Mid-Life Refurbishment – M/V Solano*.

On February 8, 2018, the Authority's Board approved a resolution of support for the Regional Measure 3 bridge toll measure to be placed before the voters in the nine San Francisco Bay Area counties at the June 5, 2018 statewide election.

On March 1, 2018, the Authority's Board approved a contract award to Glosten, Inc. in an amount not to exceed $730,000 for construction management services to support the construction of a new high speed commuter class vessel.

On March 1, 2018, the Authority's Board authorized staff to move forward with an exploratory study, to be conducted by an external consultant, to analyze the possibility of utilizing small vessels as part of the Authority's service.

On June 7, 2018, the Authority's Board approved a contract award to Pacific Power Group in an amount up to $2.0 million for the purchase of main engine components for the *Mid-Life Refurbishment – M/V Solano* project.

During 2018, the Authority expended $103.6 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- San Francisco Berthing Expansion – Construction ($31.0 million).
- Central Bay Operations and Maintenance Facility – Construction ($29.3 million).
- Purchase of Five Expansion Vessels ($17.0 million).
- Purchase of Three Replacement Vessels ($10.1 million).
- Mid-Life Refurbishment – M/V Peralta ($2.9 million).
- Quarter-Life Refurbishment – M/V Taurus ($2.3 million).
- Vessel Engine Overhaul – M/V Bay Breeze ($820,000).
- North Bay Operations and Maintenance Facility – Construction ($812,000).
- Major Vessel Component Rehabilitation – M/V Solano ($711,000).

The Authority will continue its efforts to support the management, operation and marketing of the current 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 operational work efforts in the coming year will focus on:

- Transition of WETA's central bay services to the new Central Bay operations and maintenance facility;
- Final service development and launch of the new Richmond Ferry Service;
- Carrying out fleet construction and improvement projects and identifying opportunities to further green our vessel operation;
- Developing and constructing terminal improvements;
- Continued development of plans for new services including completing the Small Vessels Study and working with cities and other partners to plan for future expansion services;
- Continued emergency response training and program development; and
- Review of the Authority's organizational structure to identify changes that will be required to support the continued growth of the Authority's service, fleet and facilities.

CONTACTING THE AUTHORITY'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.

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2018

ASSETS	
Current Assets	
Cash and cash equivalents (Note 3)	$114,836,182
Receivables:	
Accounts	11,261,434
Interest	152,985
Security deposit	78,722
Inventory	325,983
Prepaid expenses	2,997,269
Net OPEB Asset (Note 10)	46,000
Total Current Assets	129,698,575
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	165,289,599
Depreciable capital assets, net	
Ferries	106,230,223
Terminal development rights	3,061,137
Floats, piers and gangways	11,218,333
Ferry terminal and facilities	58,335,624
Equipment and service vehicles	323,532
Total Capital Assets	344,458,448
Total Assets	474,157,023
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 9)	1,199,936
Related to OPEB (Note 10)	88,000
Total Deferred Outflows of Resources	1,287,936
LIABILITIES	
Current Liabilities	
Accounts payable	14,689,689
Other accrued liabilities	3,415,659
Unearned revenue - fares	181,815
Compensated absences (Note 2C)	141,894
Total Current Liabilities	18,429,057
Noncurrent Liabilities	
Compensated absences (Note 2C)	105,544
Unearned revenue - State Appropriation (Note 5A)	2,324,522
Unearned revenue - Prop 1B (Note 5C)	90,894,545
Collective net pension liability (Note 9)	296,963
Total Noncurrent Liabilities	93,621,574
Total Liabilities	112,050,631
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 9)	255,933
Related to OPEB (Note 10)	14,000
Total Deferred Inflows of Resources	269,933
NET POSITION (Note 8)	
Net investment in capital assets	344,458,448
Restricted	6,459,809
Unrestricted	12,206,138
Total Net Position	$363,124,395

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2018

OPERATING REVENUES	
Farebox revenue	$20,403,076
Total Operating Revenues	20,403,076
PROGRAM OPERATING EXPENSES	
Personnel costs	2,204,605
Administrative expenses	6,797,823
Legal and consulting	2,053,884
Purchased transportation	25,912,394
Insurance premiums	1,028,810
Depreciation (Note 4)	11,384,144
Total Program Operating Expenses	49,381,660
OPERATING LOSS	(28,978,584)
NONOPERATING REVENUES (EXPENSE)	
Intergovernmental receipts	17,461,772
Other revenue	156,186
Total Nonoperating Revenues	17,617,958
CAPITAL GRANTS	105,906,865
CHANGE IN NET POSITION	94,546,239
NET POSITION - BEGINNING AS RESTATED (Note 8B)	268,578,156
NET POSITION - ENDING	$363,124,395

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$20,494,501
Payments to vendors and consultants	(43,681,685)
Payments to or on behalf of employees	(2,406,660)
Net cash flows from (used for) operating activities	(25,593,844)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental collections	22,325,653
Net cash flows from noncapital and related financing activities	22,325,653
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant receipts used for capital activities	86,704,872
Payments for capital assets	(103,647,845)
Net cash flows from (used for) capital and related financing activities	(16,942,973)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest payments	(91,432)
Net cash flows from (used for) investing activities	(91,432)
Net cash flows	(20,302,596)
Cash and cash equivalents- beginning of year	135,138,778
Cash and cash equivalents - end of year	$114,836,182
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	($28,978,584)
Depreciation	11,384,144
Change in assets and liabilities:	
Security deposits	(109)
Prepaid expenses	234,167
Net OPEB asset	61,000
Accounts payable	(10,963,595)
Other accrued liabilities	2,779,763
Unearned fares	91,425
Compensated absences	16,342
Net Pension Liability	(88,872)
Deferred outflows/inflows	(129,525)
Net cash flows used for operating activities	($25,593,844)

See accompanying notes to financial statements

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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.

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, 2017	$231,096
Additions	193,512
Payments	(177,170)
Balance at June 30, 2018	247,438
Due within one year	141,894
Due in more than one year	$105,544

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.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fair Value Measurements

Fair value is defined as 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. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

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 an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Implementation of New GASB Pronouncements

GASB Statement No. 75 – *Accounting and Financial Reporting for Post-employment Benefits Other Than Pensions*. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (other post-employment benefits or OPEB). It also improves information provided by state and local governmental employers about financial support for OPEB that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for all post-employment benefits (pensions and OPEB) with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This statement required the restatement of net position and additional footnote disclosures as noted in Notes 8B and 10.

GASB Statement No. 81 – *Irrevocable Split-Interest Agreements*. This Statement requires that a government that receives resources pursuant to an irrevocable split-interest agreement recognize assets, liabilities, and deferred inflows of resources at the inception of the agreement. Furthermore, this Statement requires that a government recognize assets representing its beneficial interests in irrevocable split-interest agreements that are administered by a third party, if the government controls the present service capacity of the beneficial interests. This Statement requires that a government recognize revenue when the resources become applicable to the reporting period. This Statement had no significant effect on the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

GASB Statement No. 85 – *Omnibus 2017*. The objective of this Statement is to address practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics including issues related to blending component units, goodwill, fair value measurement and application, and postemployment benefits (pensions and other postemployment benefits [OPEB]). This Statement had no significant effect on the financial statements.

GASB Statement No. 86 – *Certain Debt Extinguishment Issues*. The primary objective of this Statement is to improve consistency in accounting and financial reporting for in-substance defeasance of debt by providing guidance for transactions in which cash and other monetary assets acquired with only existing resources—resources other than the proceeds of refunding debt—are placed in an irrevocable trust for the sole purpose of extinguishing debt. This Statement also improves accounting and financial reporting for prepaid insurance on debt that is extinguished and notes to financial statements for debt that is defeased in substance. This Statement had no significant effect on the financial statements.

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, 2018:

Investment Type	Total
California Local Agency Investment Fund	$11,127,412
Held by Trustees:	
Money Market Mutual Fund	103,389,348
Total Investments	114,516,760
Cash in banks and on hand	319,422
Total Cash and investments	$114,836,182

The California Local Agency Investment Fund (LAIF) and money market mutual funds are exempt from the fair value hierarchy.

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 U.S. Government Sponsored Enterprise Agencies	N/A	N/A	No Limit	No Limit
State Local Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. 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
Mutual Funds and Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper - Pooled Funds	270 Days	A/A-1	40%	10%
Commercial Paper - Non-Pooled Funds	270 Days	A/A-1	25%	10%
State of California Local Agency Investment Fund (LAIF Pool)	Upon Demand	N/A	$65,000,000 per account	$65,000,000 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
Reverse Repurchase Agreements and 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	AA	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

NOTE 3 - CASH AND INVESTMENTS (Continued)

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, and the money market mutual funds, is approximately 193 and 45 days, respectively.

D. Credit Risk

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. As of year end, the money market mutual funds were rated AAAm by S&P. 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

Capital assets activity was as follows for the year ended June 30, 2018:

	Balance as of June 30, 2017	Additions	Transfers/ Adjustments	Balance as of June 30, 2018
Capital assets not being depreciated:				
Construction in progress	$131,690,503	$103,647,845	($70,048,749)	$165,289,599
Total assets not being depreciated	131,690,503	103,647,845	(70,048,749)	165,289,599
Capital assets being depreciated:				
Ferries	111,994,707		35,480,544	147,475,251
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	15,676,990			15,676,990
Ferry terminal and facilities	30,458,586		34,541,117	64,999,703
Equipment and service vehicles	1,541,430		27,088	1,568,518
Total assets being depreciated	163,331,713		70,048,749	233,380,462
Less accumulated depreciation for:				
Ferries	(32,673,330)	(8,571,698)		(41,245,028)
Terminal development rights	(532,317)	(66,546)		(598,863)
Floats, piers and gangways	(3,410,430)	(1,048,227)		(4,458,657)
Ferry terminal and facilities	(5,045,572)	(1,618,507)		(6,664,079)
Equipment and service vehicles	(1,165,820)	(79,166)		(1,244,986)
Total accumulated depreciation	(42,827,469)	(11,384,144)		(54,211,613)
Net capital assets being depreciated	120,504,244	(11,384,144)	70,048,749	179,168,849
Capital Assets, Net	$252,194,747	$92,263,701		$344,458,448

NOTE 5 – MAJOR FUNDING SOURCES

A. *State Appropriation*

In October 1999, the California State legislature formed the Water Transit Authority (WTA) and 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, Senate Bill stated that WTA funds will be transferred to the Authority. As of June 30, 2018, the appropriation has a balance as follows:

Original appropriation	$12,000,000
Net expenses as of June 30, 2018	(9,708,153)
Unearned appropriation as of beginning of period	2,291,847
Fiscal year 2018:	
Interest income	32,675
Unearned appropriation as of period end	$2,324,522

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, 2018, the Authority expended a total of $607,147 for capital. The Authority received $502,955 in cash and had a receivable balance of $104,192.

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 $18,300,000 to be used for operations in the fiscal year 2017-18. As of June 30, 2018, the Authority has expended total current allocated operating funds of $17,461,772 and an additional $17,668,670 of current and previously allocated capital funds. The Authority received $27,728,442 in cash and had a receivable balance of $7,402,000.

AB664 is 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, 2018, the Authority had expended total allocated funds of $1,501,435, had received $683,487 in cash and had a receivable balance of $817,948.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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, 2018, the Authority had been awarded $245 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, 2014, $25 million in fiscal year June 30, 2017 and $45 million in fiscal year ended June 30, 2018. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2018 are as follows:

Project Name	Grant Allocations	Interest Applied	Expended in Fiscal Year: Prior years	Expended in Fiscal Year: 2017-2018	Unearned Revenue at 06/30/18
Preliminary Studies & Bridging Design of Redwood City, Richmond, Antioch and Martinez	$2,299,792		$2,299,792		
Final Design for Berkeley and Hercules Terminals	220,519		220,519		
South San Francisco Terminal and Vessel Construction	9,617,037		9,317,037		
Maintenance Barge/Facility and Emergency Floats	5,686,442		5,686,442		
Central Bay and North Bay Maintenance Facilities	80,176,210	$171,304	(41,610,307)	($30,103,621)	$8,633,586
San Francisco Berthing Expansion	68,500,000	149,377	(7,778,194)	(14,257,008)	46,614,175
WETA Ferry Vessels	62,500,000		(22,902,170)	(14,278,671)	25,319,159
East Bay Ferry Terminals	16,000,000		(695,021)	(6,068,426)	9,236,553
Total	$245,000,000	$320,681	($55,461,902)	($64,707,726)	89,803,473
Add interest earned in prior years					673,879
Add interest earned in current year					737,874
Less interest applied to projects					(320,681)
Unearned Revenues					$90,894,545

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, 2018, the Measure B and Measure BB program activity was as follows:

	Measure B	Measure BB
Program Revenues:		
Direct Local Program Distribution Allocation	$1,122,020	$729,401
Interest Earned - Measure B/BB Distribution	8,048	2,577
Total Measure B/BB Revenues	1,130,068	731,978
Program Expenditures:		
Construction / Capital:		
Mid-Life refurbishment - M/V Peralta	(586,075)	
Total Direct Local Distribution Program Expenditures	(586,075)	
Revenue Over Expenditures/		
Excess Net Change in Fund Balance	543,993	731,978
Fund Balance:		
Beginning Fund Balance	942,696	104,279
Ending Fund Balance	$1,486,689	$836,257
Reserves:		
Restricted for Measure B and Measure BB programs and projects	$1,486,689	$836,257
Unspent Funds as of the End of the Year:	$1,486,689	$836,257

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

E. Low Carbon Transit Program

The Low Carbon Transit Operations Program (LCTOP) was created by California Senate Bill 862 to provide funding for operational or capital expansion projects to reduce greenhouse gas emissions and improve mobility, with a priority on serving disadvantaged communities. The LCTOP funds are derived from California's Cap-and-Trade Program and are the results of quarterly auctions of emission credits for greenhouse gas emitters regulated under Assembly Bill 32. The State Controller's Office allocates five percent of the annual auction proceeds to the LCTOP and distributes these funds to transit operators on a formula basis. As of June 30, 2018, the Authority received an allocation from the FY16/17 program to support the construction of two new Richmond ferry vessels.

Prior Year Program Unearned Revenue	$264,815
Allocation - FY16/17 Program	122,301
Less bank fees as of 6/30/18	(175)
Program Expenditures	(386,941)
Unearned Revenues	$0

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). On September 29, 2016 the Authority and the Port of San Francisco entered into a new lease extending the original lease by 5 years. It expires November 30, 2021. The annual lease payment is $341,517, and each parcel is subject to a 3% annual adjustment with a minimum adjustment

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. The lease expires after 50 years.

NOTE 6 – LEASE OBLIGATION (Continued)

C. City of Alameda

The Authority and the City of Alameda entered into a lease agreement on February 15, 2015. The agreement allows the Authority to lease facilities for the Central Bay Operations and Maintenance Facility. The Authority is obligated to make monthly base rent payments equal to $5,125, adjusted annually by the Consumer Price Index Rent Adjustment, and expires after 60 years.

D. City of Richmond

The Authority and the City of Richmond entered into a lease agreement on August 24, 2017. The agreement allows the Authority to lease landside and waterside facilities for the Richmond ferry service. The Authority is obligated to make an annual base rent payment of $1. The lease expires on August 31, 2017.

NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy coverage at June 30, 2018:

Type of Coverage	Limit	Deductible
General liability	$1,000,000 to 3,000,000	$2,500
Workers compensation	1,000,000	N/A
Public officials management & Employment practices liability	3,000,000	15,000 to 25,000
Crime Insurance	1,000,000	2,500
Type of Coverage (related to Ferry Services)		
Marine commercial liability, Terminal operators liability and Auto liability	$1,000,000 to 3,000,000	$2,500
Docks, pilings & ramps		
Pier 9, Harbor Bay, Alameda Main Street, Vallejo, Vallejo Ferry Ticket Office, South San Francisco Terminal, North Bay Operations and Maintenance Facility, Mare Island Terminals and Oakland Clay Street	86,407,500	10,000 to 250,000
Excess marine liability	24,000,000	N/A

The Authority did not have any claims in fiscal year 2018.

NOTE 8 – NET POSITION

A. Net Position

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

B. Net Position Restatements

Management adopted the provisions of the following Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other than Pensions (OPEB),* which became effective during the year ended June 30, 2018. In June 2015, GASB issued Statement No. 75 and the intention of this Statement is to improve the usefulness of information for decisions made by the various users of the financial reports of governments whose employees – both active employees and inactive employees – are provided with postemployment benefits other than pensions by requiring recognition of the entire net OPEB liability and a more comprehensive measure of OPEB expense.

The implementation of the Statement required the Authority to make prior period adjustments. As a result, the beginning net position of the Business-Type Activities was restated and reduced by $107,000.

NOTE 9 – PENSION PLAN

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 Plan and additions to/deductions from the Plan's 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.

NOTE 9 – PENSION PLAN (Continued)

A. *General Information about the Pension Plans*

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Employee Pension Rate Plan. The Authority's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan, which is administered by the California Public Employees' Retirement System (CalPERS). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan 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 Plan's provisions and benefits in effect at June 30, 2018 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
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	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.25%
Required employer contribution rates	10.110%	6.533%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis. In fiscal year 2018, the Authority made a lump sum payment totaling $335,500 for the unfunded liability and side fund.

NOTE 9 – PENSION PLAN (Continued)

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 the Plan 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's is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2018, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
	Tier I & Tier II
Contributions - employer	$516,162
Contributions - employee (paid by employer)	131,404

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

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 Plan and additions to/deductions from the Plan's 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.

As of June 30, 2018, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$296,963
Total Net Pension Liability	$296,963

NOTE 9 – PENSION PLAN (Continued)

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2017, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2016 rolled forward to June 30, 2017 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 plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2016 and 2017 was as follows:

	Miscellaneous
Proportion - June 30, 2016	0.0111%
Proportion - June 30, 2017	0.0075%
Change - Increase (Decrease)	-0.003567%

For the year ended June 30, 2018, the Authority recognized a negative pension expense of $516,712. At June 30, 2018, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$516,162	
Differences between actual and expected experience	1,811	$25,953
Changes in assumptions	224,761	17,138
Net differences in actual contributions and proportionate contributions	406,370	
Net differences between projected and actual earnings on pension plan investments	50,832	
Adjustments due to changes in proportion		212,842
Total	$1,199,936	$255,933

NOTE 9 – PENSION PLAN (Continued)

Deferred outflows of $516,162 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, 2019. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2019	$198,427
2020	152,288
2021	107,309
2022	(30,183)

Actuarial Assumptions – For the measurement period ended June 30, 2017, the total pension liability was determined by rolling forward the June 30, 2016 total pension liability. The June 30, 2016 and June 30, 2017 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2016
Measurement Date	June 30, 2017
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.75%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	Contract COLA up to 2.75% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.75% thereafter

(1) 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, 2016 valuation were based on the results of a January 2015 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.

NOTE 9 – PENSION PLAN (Continued)

Change of Assumptions – In 2017 the accounting discount rate reduced from 7.65% to 7.15%.

Discount Rate – The discount rate used to measure the total pension liability was 7.15% for the 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 7.15% discount rate is adequate and the use of the municipal bond rate calculation is not necessary. The long term expected discount rate of 7.15% 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.

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. 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. 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. 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.

NOTE 9 – PENSION PLAN (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	Current Target Allocation	Real Return Years 1 - 10(a)	Real Return Years 11+(b)
Global Equity	47%	4.90%	5.38%
Global Fixed Income	19%	0.80%	2.27%
Inflation Sensitive	6%	0.60%	1.39%
Private Equity	12%	6.60%	6.63%
Real Estate	11%	2.80%	5.21%
Infrastructure and Forestland	3%	3.90%	5.36%
Liquidity	2%	-0.40%	-0.90%
Total	100%		

(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 the Plan, calculated using the discount rate for the 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:

	Miscellaneous
1% Decrease	6.15%
Net Pension Liability	$1,037,841
Current Discount Rate	7.15%
Net Pension Liability	$296,963
1% Increase	8.15%
Net Pension Asset	($316,645)

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

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS

A. General Information about the Authority's Other Post Employment Benefit (OPEB) Plan

Plan Description – The Authority's Post Employment Benefit Plan San Francisco Bay Area Water Emergency Transportation Authority Retiree Healthcare Plan is an agent multiple-employer defined benefit OPEB plan. By Board resolution, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

Benefits Provided – 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 PERSC are single premium for single coverage only.

For the year ended June 30, 2018, the Authority's contributions to the Plan were $88,000.

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2017:

Active plan members	13
Inactive employees or beneficiaries currently receiving benefit payments	2
Inactive employees entitled to but not yet receiving benefit payments	1
Total	16

B. Net OPEB Liability

Actuarial Methods and Assumptions – The Authority's net OPEB liability was measured as of June 30, 2017 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation dated June 30, 2017 that was rolled forward using standard update procedures to determine the Authority's total OPEB liability as of June 30, 2017, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2017
Measurement Date	June 30, 2017
Actuarial Assumptions:	
Discount Rate	6.75%
Long-Term Net Rate of Return	6.75%
Inflation	2.75%
Payroll Growth	3.00%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2011 experience study
Mortality Improvement	Scale MP-2017
Medical Trend	-Non-Medicare - 7.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years -Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4.0% in 2076 and later years

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	57%	4.82%
Fixed Income	27%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that City contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. Changes in Net OPEB Liability

The changes in the net OPEB liability follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2017	$571,000	$484,000	$87,000
Changes Recognized for the Measurement Period:			
Service cost	67,000		67,000
Interest	44,000		44,000
Benefit changes			
Difference between expected and actual experience			
Changes of assumptions			
Contributions from the employer		194,000	(194,000)
Net investment income		50,000	(50,000)
Benefit payments and refunds	(10,000)	(10,000)	
Administrative expenses			
Net Changes	101,000	234,000	(133,000)
Balance at June 30, 2018	$672,000	$718,000	($46,000)

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments in the amount of $7,000.

D. *Sensitivity of the Net OPEB Liability to Changes in the Discount Rate and Healthcare Cost Trend Rates*

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

Plan's Net OPEB Liability/(Asset)		
Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
$54,000	($46,000)	($128,000)

The following presents the net OPEB liability of the Authority, as well as what the Authority's net OPEB liability would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

Plan's Net OPEB Liability/(Asset)		
Decrease -1%	Current Healthcare Cost Trend Rates	Increase +1%
($145,000)	($46,000)	$78,000

E. *OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB*

For the year ended June 30, 2018, the Authority recognized OPEB expense of $75,000. At June 30, 2018, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$88,000	
Difference between expected and actual experience		
Changes in assumptions		
Net difference between projected and actual earnings on plan investments		($14,000)
Total	$88,000	($14,000)

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The $88,000 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a reduction of the OPEB liability in the year ended June 30, 2019. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2019	($3,000)
2020	(3,000)
2021	(3,000)
2022	(5,000)

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 auditors, 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, 2018, the Authority had made commitments for the following projects:

Mid-Life Refurbishment - M/V Peralta	$1,969,943
Purchase Replacement Vessel - MV Vallejo	8,463,818
Purchase Two Expansion (Waterjet) Vessels	23,816,352
Purchase Two Expansion (Propeller) Vessels	4,615,770
Purchase New Commuter Class High-Speed Vessel	121,265
Terminal Dredging - Vallejo and South San Francisco Terminals	153,984
Central Bay Operations & Maintenance Facility	2,474,281
Richmond Ferry Terminal	8,504,125
San Francisco Downtown Ferry Terminal Expansion	43,871,377
Total	$93,990,915

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REQUIRED SUPPLEMENTARY INFORMATION

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2018
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS

Measurement Date	6/30/2014	6/30/2015	6/30/2016	6/30/2017
Plan's Proportion of the Net Pension Liability/Asset	0.010204%	0.016026%	0.011107%	0.007533%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$748,940	$439,655	$385,835	$296,963
Plan's Covered Payroll	$1,217,627	$1,363,751	$1,453,752	$1,597,597
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	61.51%	32.24%	26.54%	18.59%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	79.89%	75.87%	75.39%

* Fiscal year 2015 was the 1st year of implementation, therefore only four years are shown.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2018
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarially determined contribution	$222,396	$434,477	$391,333	$516,162
Contributions in relation to the actuarially determined contributions	(222,396)	(434,477)	(391,333)	(516,162)
Contribution deficiency (excess)	$0	$0	$0	$0
Covered payroll	$1,363,751	$1,453,752	$1,597,597	$1,744,351
Contributions as a percentage of covered payroll	16.31%	29.89%	24.50%	29.59%

Notes to Schedule

Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:				
Actuarial cost method	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%	2.75%	2.75%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	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 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	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.	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 four years are shown.

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2018

SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2018

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)

Measurement period	June 30, 2017
Total OPEB liability	
Service cost	$67,000
Interest	44,000
Benefit changes	
Differences between expected and actual experience	
Assumption changes	
Benefit payments	(10,000)
Changes of benefit terms	
Net change in total OPEB liability	101,000
Total OPEB liability - beginning	571,000
Total OPEB liability - ending (a)	$672,000
OPEB fiduciary net position	
Contributions - employer	$194,000
Contributions - employee	
Net investment income	50,000
Benefit payments	(10,000)
Administrative expense	
Other changes	
Net change in plan fiduciary net position	234,000
Plan fiduciary net position - beginning	484,000
Plan fiduciary net position - ending (b)	$718,000
Plan net OPEB liability (asset) - ending (a) - (b)	($46,000)
Plan fiduciary net position as a percentage of the total OPEB liability	106.85%
Covered-employee payroll	$1,598,000
Plan net OPEB liability as a percentage of covered-employee payroll	N/A

*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

For the Year Ended June 30, 2018

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)

	2017-18
Actuarially determined contribution	$74,000
Contributions in relation to the actuarially determined contribution	88,000
Contribution deficiency (excess)	($14,000)
Covered-employee payroll	$1,746,000
Contributions as a percentage of covered-employee payroll	5.04%

*Fiscal year 2018 was the 1st year of implementation, therefore only one year is shown.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Actuarial Value of Assets	Investment gains and losses spread over 5- year rolling period Not less than 80% not more than 120% of the Market Value of Assets
Discount Rate	6.75%
General Inflation	2.75%
Aggregate Payroll Increases	3.00%
Medical Trend	Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21 Medicare - 7.2% for 2017/18, decreasing to an ultimate rate of 5.6% in 2020/21
Mortality, Retirement, Termination & Disability	CalPERS 1997-2011 experience study
Mortality Improvement	Scale MP-2017

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Attachment D

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

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2018**

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT
For The Year Ended June 30, 2018

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2018

SECTION I—SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	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

Internal control over major federal programs:			
• Material weakness(es) identified?	____ Yes	X	No
• Significant deficiency(ies) identified?	____ Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	____ Yes	X	No

Identification of major programs:

CFDA#(s)	Name of Federal Program or Cluster
20.500, 20.507, and 20.525	Federal Transit Cluster

Dollar threshold used to distinguish between type A and type B programs: $750,000

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 December 3, 2018, 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 Uniform Guidance.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2018

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Federal Expenditures
Federal Transit Cluster		
Department of Transportation, Federal Transit Administration (FTA) Direct Programs		
Federal Transit Capital Investment Grants:		
Richmond Ferry Terminal	20.500	$2,475,137
Subtotal FTA - Federal Transit Capital Investment Grants		2,475,137
Federal Transit Formula Grants:		
FY2013 - 5307 Capital	20.507	4,401,046
San Francisco Ferry Terminal/Berthing Facilities	20.507	2,149,387
Subtotal FTA - Federal Transit Formula Grants		6,550,433
State of Good Repair Grants Program		
FY2014 - 5337 Capital	20.525	2,747,818
FY2016 Ferry Capital Rehabilitation and Replacement	20.525	5,938,551
Subtotal FTA - State of Good Repair Grants		8,686,369
Subtotal Federal Transit Cluster		17,711,939
Department of Homeland Security (DHS) Direct Programs		
Disaster Grants - Public Assistance		
WTASCE1 - Damage Vessel Propeller	97.036	18,750
WTASCA1 - Emergency Dredging	97.036	197,109
Subtotal DHS - Disaster Grants - Public Assistance		215,859
Total Expenditures of Federal Awards		$17,927,798

See Accompanying Notes to the 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, 2018

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, California (Authority).

NOTE 2-SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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. The proprietary fund is accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The Authority has elected not to use the 10% de-minimis indirect cost rate allowed under the Uniform Guidance.

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 Honorable Members of 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 financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated December 3, 2018. 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 the 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 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. 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.

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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 December 3, 2018, 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
December 3, 2018

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 THE UNIFORM GUIDANCE

To the Honorable Members of 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 the Authority's compliance with the types of compliance requirements described in the *OMB 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, 2018. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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's 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, 2018.

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Report on Internal Control Over Compliance

Management of the Authority's 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 the Uniform Guidance, 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 a 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 and therefore, material weaknesses or significant deficiencies may exist that have not been identified. 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 the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2018, and the related notes to the financial statements, which collectively comprise the Authority's financial statements. We issued our report thereon dated December 3, 2018, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance 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 financial statements as a whole.

Maze & Associates

Pleasant Hill, California
December 3, 2018

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Attachment E

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEASURE B FUND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
Financial Statements
For the Year Ended June 30, 2018

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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 accompanying 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, 2018, and the related notes to the 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 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 statements.

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

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Program as of June 30, 2018, and the change in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 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
December 3, 2018

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

BALANCE SHEET
JUNE 30, 2018

	Mass Transit
ASSETS	
Cash and Investments	$1,523,118
Measure B Direct Local Distribution Program Receivable	177,063
Interest Receivable	1,402
Total Assets	$1,701,583
LIABILITIES	
Account Payable	$187,909
Accrued Liabilities	26,985
Total Liabilities	214,894
FUND BALANCE	
Restricted for Measure B Programs and Projects	1,486,689
Total Fund Balance	1,486,689
Total Liabilities and Fund Balance	$1,701,583

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Mass Transit
REVENUES:	
Direct Local Distribution Funds Allocation	$1,122,020
Interest Earned - Measure B Distribution	8,048
Total Revenues	1,130,068
EXPENDITURES:	
Construction:	
Mid-Life Refurbishment - M/V Peralta	586,075
Total Expenditures	586,075
NET CHANGE IN FUND BALANCE	543,993
FUND BALANCE:	
Beginning Fund Balance	942,696
Ending Fund Balance	$1,486,689

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Commission – 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.

Fair Value Measurements – Fair value is defined as 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. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

> 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 an asset or liability, either directly or indirectly.
>
> Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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 consisted of $1,523,118 in money market funds. Money market funds are reported at amortized cost as indicated in GASB 72 paragraph 69c.

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 Refurbishment – M/V Peralta

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 Fund (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2018 and the related notes to the financial statements, and have issued our report thereon dated December 3, 2018.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to Measure B 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 the Measure B Program for the year ended June 30, 2018.

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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 December 3, 2018 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.

Maze & Associates

Pleasant Hill, California
December 3, 2018

Attachment F

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEASURE BB FUND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
Financial Statements
For the Year Ended June 30, 2018

Table of Contents

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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 accompanying 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, 2018, and the related notes to the 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 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.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Program as of June 30, 2018, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

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.

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated December 3, 2018 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
December 3, 2018

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

BALANCE SHEET
JUNE 30, 2018

	Mass Transit
ASSETS	
Cash and Investments	$719,716
Measure BB Direct Distribution Program Receivable	115,879
Measure BB Direct Distribution Program Interest Receivable	663
Total Assets	$836,258
FUND BALANCE	
Restricted for Measure B Programs and Projects	$836,258
Total Fund Balance	836,258
Total Liabilities and Fund Balance	$836,258

See accompanying notes to financial statements.

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

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2018

	Mass Transit
REVENUES:	
Direct Local Distribution Funds Allocation	$729,401
Interest Earned - Measure BB Distribution	2,578
Total Revenues	731,979
EXPENDITURES:	
Construction	$0
Total Expenditures	0
NET CHANGE IN FUND BALANCE	731,979
FUND BALANCE:	
Beginning Fund Balance	104,279
Ending Fund Balance	$836,258

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Commission – 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.

Fair Value Measurements – Fair value is defined as 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. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

> 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 an asset or liability, either directly or indirectly.
>
> Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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. 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).

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, 2018 and the related notes to the financial statements, and have issued our report thereon dated December 3, 2018.

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 the Measure BB Program for the year ended June 30, 2018.

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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 December 3, 2018 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.

Maze & Associates

Pleasant Hill, California
December 3, 2018

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2018-36

**RECEIVE THE INDEPENDENT AUDITORS' REPORTS
FOR THE YEAR ENDING JUNE 30, 2018,
AS SUBMITTED BY MAZE & ASSOCIATES**

WHEREAS, Section 106.6 of the WETA Administrative Code requires the preparation of annual audit reports by an independent auditor consistent with California Government Code Section 66540.54; and

WHEREAS, Maze & Associates (Maze) is currently in contract with WETA to perform its annual audits; and

WHEREAS, the Independent Auditors' Reports for the fiscal year ending June 30, 2018, prepared by Maze, include the following reports: Memorandum on Internal Control, Required Communications; Basic Financial Statements; Single Audit Report; Measure B Funds Financial Statements; and, Measure BB Funds Financial Statements;

WHEREAS, these reports were presented to the WETA Board of Directors by a representative of Maze at the December 13, 2018 Board of Director's meeting; now, therefore, be it

RESOLVED, that WETA Board of Directors (Board) hereby takes action to receive the Independent Auditors' Reports as submitted by Maze & Associates, including the following:

(a) Memorandum on Internal Control;
(b) Required Communications;
(c) Basic Financial Statements;
(d) Single Audit Report;
(e) Measure B Fund Financial Statements; and
(f) Measure BB Fund Financial Statements.

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 13, 2018.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2018-36
END

AGENDA ITEM 8
MEETING: December 13, 2018

MEMORANDUM

TO: **Board Members**

FROM: **Nina Rannells, Executive Director**
Keith Stahnke, Operations & Maintenance Manager
Lynne Yu, Finance & Administration Manager

SUBJECT: **Authorize Actions Associated with the Sale of Vessels**

Recommendation
Approve the following actions related to the sale of the *MV Encinal* and *MV Vallejo* which have reached the end of their service lives and are ready for disposal:

- Authorize the sale of the *MV Encinal* and *MV Vallejo; and*
- Authorize the Executive Director to secure the services of a marine broker, through a competitive RFP process and contract award, to facilitate the sale of these vessels for fair market value; and
- Authorize the Executive Director to take any other related actions as may be necessary to finalize the sale of these assets.

Background/Discussion
The *MV Encinal* (1985) and *MV Vallejo* (1994) are both over twenty-five (25) years old and have reached the end of their economic and operational useful lives. Since inheriting these vessels from the City of Alameda and City of Vallejo, respectively, WETA has worked to secure funds to replace these vessels with new state-of-the art vessels designed to meet WETA's growing operating requirements and California Air Resources Board (CARB) strict emissions regulations for Harbor Craft. Per CARB regulations, both the *MV Encinal* and *MV Vallejo*, which utilize Tier 0 engines, must be removed from active passenger service by December 31, 2018.

The *MV Encinal* has now been replaced with the *MV Cetus*, one of the new Hydrus Class vessels, and the *MV Vallejo* will soon be replaced with the *MV Pyxis,* which is scheduled for completion in early 2019. With these replacement vessels completed and placed into service, staff will need to focus attention on disposing of these vessels in a manner consistent with any and all funding requirements and in compliance with CARB emissions regulations.

Given the small and specialized market for high speed passenger catamarans, staff recommends that WETA utilize the services of a marine broker to facilitate the sale of these vessels at market rate. To select the most qualified broker, staff will utilize a competitive Request for Proposal process. Staff proposes to select a marine broker and place both vessels up for sale as soon as possible.

Fiscal Impact
Under Federal Transit Administration (FTA) rules, FTA is entitled to a share of the proceeds from the disposal of FTA-funded vehicles/vessels under certain conditions. Staff will work with the selected marine broker to determine the fair market value of the vessels and will work with the Federal Transit Administration (FTA) and other funding partners to determine how WETA can apply the proceeds from the vessel sales towards future WETA system assets.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2018-37

APPROVE ACTIONS ASSOCIATED WITH THE SALE OF VESSELS

WHEREAS, the MV *ENCINAL* and MV V*ALLEJO* are both over twenty-five (25) years old and have reached the end of their economic and operational useful life; and

WHEREAS, WETA staff has recommended selling these vessels; and

WHEREAS, WETA staff proposes the use of marine brokerage services to obtain the best price for the sale of the MV *Encinal* and MV *Vallejo*; now, therefore, be it

RESOLVED, that the Board of Directors hereby authorizes the sale of the MV *Encinal* and MV *Vallejo;* and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to secure the services of a marine broker, through a competitive RFP process and contract award, to facilitate the sale of these vessels for fair market value; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to take any other related actions as may be necessary to finalize the sale of these assets.

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 13, 2018.

YEA:
NAY:
ABSTAIN:
ABSENT:

____
/s/ Board Secretary
2018-37
END

AGENDA ITEM 9
MEETING: December 13, 2018

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Pilot Program to Enhance Harbor Bay and South San Francisco Services

Recommendation
Approve a two-part pilot program to enhance Harbor Bay and South San Francisco ferry service utilizing existing vessels and crews. The proposed new pilot program includes:

1) Addition of a 9 a.m. weekday departure from Harbor Bay to San Francisco; and

2) Creation of a new reverse-commute service from South San Francisco to Harbor Bay by offering a single morning and single evening departure to test the market for expanded ferry service into Harbor Bay. This service would utilize the existing fare structure for the Alameda/Oakland -South San Francisco service during the pilot period.

The pilot program would operate for 12 months beginning in January 2019.

Background
WETA ferry services are close to operating at the upper limit of our vessel fleet and operating subsidy capacity. This is unfortunate given the fact that WETA is experiencing record ridership and there is ample justification for increased service frequency in impacted markets such as Vallejo, Oakland/Alameda and Harbor Bay. With new RM3 operating and capital revenues now on hold due to pending lawsuits, our only opportunity to expand services in the near-term is through securing new operating funds or identifying opportunities to refine and optimize schedules to operate more revenue trips utilizing existing vessels and crews.

Discussion
In reviewing scheduling changes associated with the launch of new Richmond service in January 2019, staff has identified an opportunity to make two service changes by making use of non-revenue ("deadhead") trips and repositioning existing vessels and crews. Staff recommends that the Board of Directors approve a pilot program to move forward to implement these service changes for a one-year test period. If approved, staff would provide the Board with periodic reports about the pilot service operation and utilization. The two service changes proposed are described below.

New 9:00 a.m. Trip from Harbor Bay to San Francisco
Commute ridership from Harbor Bay to San Francisco has grown 10 percent over the last two years and 47 percent since 2013. The Harbor Bay Terminal is constrained due to limited depth so Hydrus-class 400 passenger vessels are too large to serve the terminal. Instead, Harbor Bay has been served by the 250-passenger MV *Bay Breeze* over the past year, resulting in peak AM trip occupancies of 89 and 93 percent for the month of October 2018.

The 8:30 a.m. trip has been the fastest-growing departure in Harbor Bay service. It was averaging 71 percent occupancy in April 2018 and has steadily increased to 93 percent in October. This follows a trend throughout the system where late-peak departures – between 8:30 and 9:30 a.m. – are experiencing strong growth.

The proposed pilot program would introduce a 9 a.m. Harbor Bay departure to San Francisco. This new trip would be operated utilizing a South San Francisco crew on a Gemini-class vessel. This trip should accomplish two service goals: first, it can alleviate pressure on the 8:30 a.m. trip, which often experiences leave-behinds. Second, a 9:00 a.m. trip should attract new riders by offering a convenient trip for parents of elementary school-aged kids. As we have heard from riders previously advocating for a later morning trip, local schools have an 8:20 a.m. bell time, which does not provide sufficient time for many working parents to make it to the ferry for the 8:30 a.m. trip. Adding a 9:00 a.m. trip would provide an opportunity for more working parents and late morning commuters to utilize the Harbor Bay ferry service.

With a larger vessel now in Harbor Bay service (the 331-passenger MV *Peralta*) and three evening departures between 4:35 p.m. and 6:00 p.m., an increase in morning riders should not overload the evening schedule. However, staff will monitor the impact of the new morning trip and provide the Board with updates on the progress of the 9 a.m. trip as part of the pilot program.

<u>New Reverse-Commute Service From SSF to Harbor Bay</u>
By making use of non-revenue trips and repositioning vessels, staff has developed a limited schedule reverse-commute service between South San Francisco and Harbor Bay. This service would be aimed at commuters who work in one of the businesses in the Harbor Bay Business Park or nearby employment centers such as the Oakland Airport but live in South San Francisco or the northern peninsula. The pilot program would offer a morning trip from South San Francisco to Harbor Bay at 8:30 a.m. A return trip back to South San Francisco would be at 6:30 p.m. Additional trips are not possible at this time due to a lack of available vessels. However, the pilot program can determine the level of demand for travel between these points.

Staff proposes that this new South San Francisco-Alameda Harbor Bay service use the existing fare structure for the Alameda/Oakland -South San Francisco service during the pilot period. Utilizing the existing South San Francisco fare will make the plan simple and easily implementable across WETA's fare media (Clipper, Hop-thru, paper tickets).

<u>Fiscal Impact</u>
Staff estimates that the pilot program would add an additional $30,000 in expense which may well be offset with additional fare revenue collected on the new trips.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2018-38

APPROVE PILOT PROGRAM TO ENHANCE HARBOR BAY AND SOUTH SAN FRANCISCO SERVICES

WHEREAS, vessel shortages and a lack of additional operating funds prevents WETA from enhancing service across the system; and,

WHEREAS, staff has identified specific areas in the network to make use of existing vessels and crews to offer strategic enhancements at limited additional expense; and,

WHEREAS, one such opportunity exists to add a 9 AM trip to San Francisco from Harbor Bay and also offer a limited reverse commute service between South San Francisco and Harbor Bay; and,

WHEREAS, both pilot services will be offered for a 12-month period starting in January 2019; and,

WHEREAS, a new service from South San Francisco to Harbor Bay can be offered using the same fare structure as the existing Alameda/Oakland – South San Francisco (South San Francisco) service; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves a one-year, two-part pilot program to enhance Harbor Bay and South San Francisco ferry service including: 1) Addition of a 9a.m. weekday departure from Harbor Bay to San Francisco; and 2) Creation of a new reverse commute service from South San Francisco to Harbor Bay which would utilize the existing South San Francisco service fare.

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 13, 2018.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2018-38
END