

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 TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING**
Thursday, October 3, 2019 at 1:30 p.m.
Port of San Francisco
Pier 1
San Francisco, 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
4. REPORTS OF DIRECTORS
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. **Information**
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 – September 5, 2019
7. APPROVE WETA 2020 LEGISLATIVE PROGRAM **Action**
8. REVIEW FARE PROGRAM GOALS AND OBJECTIVES **Information**
9. FIVE-YEAR FINANCIAL OUTLOOK AND SYSTEM EXPANSION OPPORTUNITIES **Information**
 - a. Five-Year Financial Outlook
 - b. System Expansion Opportunities
10. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

**Water Emergency Transportation Authority
October 3, 2019 Meeting of the Board of Directors**

11. RECESS INTO CLOSED SESSION

- a. Public Employee Performance Evaluation; Conference with Labor Negotiator
(Designated Representative: Chair Breckenridge)
Pursuant to Government Code Sections 54957, 54957.6
Position: Executive Director

***Action
To Be Determined***

12. REPORT OF ACTIVITY IN CLOSED SESSION

Chair will report any action taken in closed session that is subject to reporting at this time. Consideration of action pertaining to the Executive Director employment agreement.

***Action
To Be Determined***

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.

MEMORANDUM

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: October 3, 2019

RE: Executive Director's Report

CAPITAL PROJECT IMPLEMENTATION UPDATE

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.

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.

The first vessel, the MV *Pyxis*, entered service on March 1. The second vessel, the MV *Vela* entered service on August 28. Work is well underway on the third vessel, the MV *Lyra* and completion is expected in January 2020.

New Commuter Class Vessel

This project will construct a mid-size high-speed passenger vessel with the versatility to support WETA's diverse system of routes and facilities constrained by vessel size and water depth. On March 1, 2018, the Board of Directors approved a contract award to Glosten for Construction Management Services to support vessel construction. On October 4, 2018, the Board of Directors approved award of a contract for the vessel to Mavrik Marine, Inc.

Keel laying and construction commenced on December 18, 2018. The superstructure welding milestone is complete, with all major structure in place. Starboard hull plating is underway. The port hull is going to be constructed next to the starboard hull and moved to position once the superstructure is shifted to the outside fabrication area. Nearly all Mavrik resources have been assigned to the WETA project in order to expedite construction. Workmanship is very good and Mavrik is using established procedures to meet WETA's expectations for quality. Mavrik remains confident that due to the modular nature of the vessel (floating house and two hulls) they can spread resources and meet the schedule delivery of the MV *Dorado* in March 2020.

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 service expansion, 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 Jacobs Engineering.

Construction began in February 2017 and is scheduled to be fully completed by January 2020. Gates F & G are complete and WETA service has been fully transitioned from existing Gate E to the new gates. The construction fencing surrounding the south portion of the construction site has been removed and this area is now open to the public. The gangway and float for Gate E were removed in April and transported to local shipyard Bay Ship & Yacht for rehabilitation. The remaining on-site construction work will now be focused on the north side of the Agriculture Building where the contractor is proceeding with construction of a new plaza that will function as a passenger waiting and queuing area.

SERVICE DEVELOPMENT UPDATE

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, establishing roles and responsibilities for the joint development of this project. Staff has worked together with Port staff and their consultants on initial design and environmental testing activities. The environmental document and final design are now complete and final permitting is underway. The Port is working to identify funds to move the project forward to construction this fall and has submitted a request for WETA to program \$25 million in Regional Measure 3 (RM3) funding to support project construction, estimated to cost approximately \$40 million. The Board received a presentation on this project and Port request at the June 2019 meeting.

Temporary Service to Golden State Warriors Chase Center Events

WETA staff is working with the Port of San Francisco, Golden Gate Ferry and the Golden State Warriors to plan and construct a temporary ferry terminal at Pier 48 ½ for use in serving Chase Center special events prior to the construction of the planned permanent Mission Bay ferry terminal. The temporary terminal will utilize WETA's spare float currently located on Mare Island and be in place for two years – unless needed earlier for an emergency event - when it will be needed for the next dredging event in Vallejo. The WETA Board approved contract award for marine services to CS Marine at the July 2019 Board meeting. The Port of San Francisco and WETA are finalizing a lease for the new facility and a Memorandum of Understanding and landing agreement that also includes Golden Gate Ferry. Final regulatory permits were secured the week of September 16 and construction is scheduled to take place beginning on September 26. Service is scheduled to commence October 5.

Oakland Athletics 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 anticipates being an active participant in the project transportation discussions moving forward. WETA submitted a comment letter during the scoping phase for the anticipated Environmental Impact Report (EIR) identifying terminal capacity limitations at the existing Jack London Square terminal in Oakland for consideration during the EIR process.

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 contracted with Marcy Wong Donn Logan Architects to complete the final design of the ferry terminal.

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 September 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 construction. Alameda Point Partners (APP) has begun construction on the overall Site A project and a groundbreaking for construction of the new Seaplane Lagoon terminal is scheduled to take place on September 12. The terminal float will be constructed by Bay Ship & Yacht, with oversight from Power Engineering. WETA staff is working with APP and City staff to support the construction effort and to develop plans for new service. Staff is working with the City on an operational agreement for the new terminal that anticipates the start of operations in August 2020 – which will be brought forward for Board consideration this fall. Staff is working to develop service options for consideration and will reach out to our Alameda passengers in the coming months to help shape our plans.

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 and pursue feasibility study funds to move the project toward implementation.

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 were 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 currently 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. The City has entered into an agreement with the San Mateo County Transportation Authority to develop and adopt the Feasibility Study and Business Plan. The feasibility study, which kicked off in February 2019 with a meeting that included a consultant team and staff from the City and Port of Redwood City along with WETA, is expected to take 12 to 14 months to complete. Concurrent with this activity, Redwood City, the Port of Redwood City and WETA staff will work 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 July 2019, the City of Berkeley and WETA executed a Memorandum of Understanding (MOU) to proceed with the planning phase of this project, which will include a study to evaluate the feasibility of constructing a dual-use pier facility at or near the Berkeley Municipal Pier that would serve as both a ferry terminal and public access space. Upon completion, the findings of the study will be presented to both the WETA Board and City Council for consideration, consistent with the terms of the MOU. The City of Berkeley has contracted with GHD to support the study, which is anticipated to require 18 months to complete. WETA and City staff will meet with the consultant in early October to kick-off the study.

Treasure Island Ferry 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 (TIMMA), and Lennar Urban, the prospective developer – had committed to implementing new ferry service between Treasure Island and downtown San Francisco in the 2011 Treasure Island Transportation Implementation Plan, currently posted on the SFCTA website. SFCTA recently announced that it is hoping to advance the opening of the new ferry service from 2023 to 2021.

WETA staff has worked with City of San Francisco staff over the years to support development of this project. Staff from SFCTA/TIMMA provided an update on the project and the transportation plan at the February and April 2019 Board meetings. At these meetings, SFCTA staff indicated that the planned transportation program funds to be provided through a new Treasure Island toll program, parking fees, fare revenues and developer subsidy would not be sufficient to fully cover the cost of their planned transportation program, including ferry service - especially in the early years - with an anticipated early start date of 2021. As a result, they noted that they were looking for additional funding and that they had reached out to private operators about operating ferry service. SFCTA previously indicated that it was working toward a toll measure for TIMMA Board consideration this summer. The schedule for this work has been delayed. WETA staff has met with SFCTA and discussed service operating costs and capital needs. Both agencies are exploring the possibilities for securing grant funds for the construction of a vessel for the service. In the meantime, the developer began construction of the ferry terminal in early September.

Tideline Marine Group Private Shuttle Pilot Request for Extension

In September 2018, the WETA Board approved Tideline Marine Group's request to conduct scheduled small vessel private charter landings with the vessel *Osprey* at the Harbor Bay Ferry Terminal for the exclusive use of Exelixis employees on a six-month demonstration basis subject to meeting WETA's conditions and requirements. Tideline met all requirements and began landing at Harbor Bay on February 27, 2019. Ridership since inception has averaged 12 round trip passengers per day.

In anticipation of the August 25, 2019 expiration of the landing agreement, Tideline requested a one-year extension to continue landing its private charter service at WETA's Harbor Bay terminal. Staff presented the request to the Board in its August 2019 meeting and the Board amended the agreement extending the term for six months to February 28, 2020, with the understanding that Tideline will provide status updates on its meetings with labor and be available to provide an in-person report at the January 2020 Board Meeting.

SYSTEM PLANS/STUDIES

Hovercraft Feasibility Study

This study will broadly consider the feasibility of operating hovercraft on San Francisco Bay as part of the WETA water transit system. A Hovercraft Stakeholder Committee will be assembled, comprised of hovercraft industry representatives, advocates from Bay Area public policy groups, environmental organizations and maritime industry representatives to guide the study. Staff will also convene a Hovercraft Technical Advisory Committee to review and provide input on preliminary results of the study. On September 5, the Board of Directors authorized a contract award to AECOM and staff has subsequently executed a professional services agreement for the study. Staff will meet with AECOM in early October to kick-off the study, which is anticipated to require 12 months to complete.

Fare Program Renewal Study

WETA's current fare program was adopted in 2014 to promote consistent fare structures and implement small fare changes on an annual basis to ensure that WETA fares kept pace with the cost of inflation. As WETA's current fare program ends this fiscal year, a new program will need to be adopted to continue implementing annual fare changes in future fiscal years. WETA has contracted with Four Nines Technologies to provide consultant services to support development of a new multiyear fare program. An informational item is included on this month's meeting agenda to present proposed goals and objectives for the renewal of WETA's fare program.

FASTER Bay Area Program Development

WETA's Executive Director and Planning & Development Manager are participating in a coordinated effort with the Bay Area's large transit operators to develop a program approach and projects for consideration for inclusion in the potential future FASTER Bay Area funding initiative. The Board was provided an overview of this initiative at the September meeting.

EMERGENCY RESPONSE ACTIVITIES UPDATE

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:

- WETA participated on the Critical Transportation Tabletop Exercise panel on September 5 which was hosted by the Metropolitan Transportation Commission (MTC) and the Urban Area Security Initiative (UASI). This tabletop exercise focused on critical transportation topics based on a simulated catastrophic earthquake. Participants included Bay Area transit agencies, United States Coast Guard, California Office of Emergency Services, Federal Emergency Management Agency, Operational Areas and local jurisdictions.
- WETA is participating in the development of the San Francisco Bay Area Port Recovery Plan which is the combined effort of seven Bay Area port authorities and WETA in coordination with port stakeholders at the local, state and federal levels. The goal of the plan is to establish operational capability at Bay Area port authorities in response to a disaster and to set the conditions for port recovery. This plan is intended to provide a unifying structure to all major Bay Area ports through the use of a common set of processes and principles.
- On September 19 and 23, staff participated in the third session of a series of training sessions to prepare staff for the September 24 exercise.
- On September 24, WETA participated in a resource request drill as part of a larger exercise to validate the San Francisco Bay Area Port Recovery Plan during Fleet Week activities. Fifteen WETA staff and one Blue & Gold representative participated in the exercise. Staff tested the following objectives:

- Assess WETA's ability to set up the Central Bay Emergency Operations Center (EOC) and use the new EOC job aids to conduct emergency operations.
- Evaluate the ability of WETA to conduct resource management, situational awareness and information sharing during a regional transportation incident, including damage assessments, receipt and submission of resource requests and development and dissemination of situation status reports.
- Evaluate the ability of WETA staff to use Emergency Operating Plan (EOP) procedures to create an Action Plan for the next operational period.

Staff was able to use the EOP and knowledge from recent training sessions to create a vessel service plan in response to a request to transport evacuees and first responders from CalOES, develop a plan for ordering fuel and create an action plan. Staff did an excellent job of working together and were motivated, knowledgeable and professional.

OPERATIONS REPORT

Winter Schedule Changes

Seasonal service changes to the Alameda/Oakland, Richmond and Vallejo ferry services will take effect on November 4, 2019. The new bid is being created by Blue & Gold and a public notice is being prepared to inform our customers of the schedule changes. The winter schedules primarily decrease the weekend service for Alameda/Oakland and Vallejo during the lower-ridership wet winter months. The Richmond weekend pilot program ends on November 3 with plans to determine whether to continue this service at a future Pilot Program Review meeting.

In addition, minor adjustments to the Vallejo weekend and weekday schedule have been made as part of an effort to improve compliance with union labor rules and allow crewmembers to be given timely lunch breaks. Minor changes to the Alameda/Oakland/South San Francisco route have been made to reflect actual arrival and departure times in an effort to improve on-time performance.

Fleet Week 2019

Service planning and schedules are complete for enhanced weekend service for the Alameda/Oakland and Vallejo routes for the Fleet Week festivities. This is historically one of the highest ridership weekends of the year for WETA's SF Bay Ferry services.

Monthly Operating Statistics - The Monthly Operating Statistics Report for August 2019 is provided as ***Attachment A***.

KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH

On September 3, Nina Rannells participated in the MTC Partnership Legislative Committee meeting in San Francisco to discuss the federal transportation reauthorization bill development.

On September 5, Lauren Gulate attended the 2019 Regional Critical Transportation Tabletop exercise in Dublin hosted by the Metropolitan Transportation Commission and the Urban Area Security Initiative (UASI).

On September 11, Nina Rannells attended the Bay Planning Coalition Sustainable Waterfronts Committee meeting in San Francisco.

On September 12, WETA staff and Directors DeBono and Intintoli attended the Seaplane Lagoon terminal groundbreaking event at Alameda Point.

On September 12, Mike Gougherty participated as a panelist at the annual Ferries Conference in Seattle, WA.

On September 13, Lauren Gualarte attended the monthly Regional Business Outreach Committee meeting.

On September 16, Nina Rannells attended the Clipper Executive Board meeting in San Carlos.

On September 17, Nina Rannells attended the Bay Planning Coalition's Resources and Infrastructure briefing in Oakland.

On September 18, Nina Rannells attended the Bay Planning Coalition Board of Directors meeting in Oakland where she was voted in as a new Board member.

On September 23, Nina Rannells and Thomas Hall attended the Bay Planning Coalition's Government Affairs Committee meeting in San Francisco that included a conversation with Assemblymember David Chiu.

On September 24, WETA Staff participated in an emergency response exercise at the Central Bay Operations & Maintenance Facility which validated the Port Recovery Plan.

OTHER BUSINESS

Regional Measure 3

Senate Bill 595 (Beall), authorized a new bridge toll measure - Regional Measure 3 - 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.

On January 24, 2018, the Bay Area Toll Authority (BATA) authorized moving forward to place RM3 on the June 5, 2018 ballot. The measure, which passed by a Bay Area voter majority in June 2018, will raise tolls by \$3 over a six-year period starting with a \$1 increase on January 1, 2019 followed by additional \$1 increases in January 2022 and January 2025.

Since its passage, RM3 has been challenged by two lawsuits in the Superior Court in the City and County of San Francisco including the *Howard Jarvis Taxpayers Association, et al v. The Bay Area Toll Authority and the California State Legislature* and *Randall Whitney v. MTC*. These cases were dismissed by the Court on April 23 and June 11, respectively. A Notice of Appeal was filed by the Howard Jarvis Taxpayers Association on May 20 and in the Whitney case on July 11. The attorney representing the Howard Jarvis Taxpayers Association has been substituted as counsel for Randall Whitney. He has filed a motion to consolidate both cases on appeal. The parties have stipulated to a 30-day extension for the appellants to file their opening brief. The deadline to file is now October 18, 2019.

On January 1, 2019 BATA began collecting the first dollar of the approved toll increase. Toll revenues collected are being placed into an escrow account and will not be allocated to project sponsors until the lawsuits are settled. Staff will work closely with MTC to prepare to secure toll measure funds, when they are available, to support WETA's projects.

END

Attachment A

Monthly Operating Statistics Report August 2019

			Alameda/ Oakland	Harbor Bay *	Richmond	South San Francisco	Vallejo**	Systemwide
Boardings	vs. last month	Total Passengers August 2019	153,228	31,229	23,978	13,224	110,655	332,314
		Total Passengers July 2019	152,153	31,596	17,453	12,462	113,387	327,051
		Percent change	0.71%	-1.16%	37.39%	6.11%	-2.41%	1.61%
	vs. same month last year	Total Passengers August 2019	153,228	31,229	23,978	13,224	110,655	332,314
		Total Passengers August 2018	147,648	32,061		13,474	109,879	303,062
		Percent change	3.78%	-2.60%		-1.86%	0.71%	9.65%
	vs. prior FY to date	Total Passengers Current FY To Date	305,381	62,825	41,431	25,686	222,876	658,199
		Total Passengers Last FY To Date	299,517	61,841		25,216	222,169	608,743
		Percent change	1.96%	1.59%		1.86%	0.32%	8.12%
		Avg Weekday Ridership August 2019	5,192	1,420	813	601	4,138	12,164
Ops Stats		Passengers Per Hour August 2019	195	167	92	134	139	156
		Revenue Hours August 2019	785	187	260	99	794	2,125
		Revenue Miles August 2019	8,635	3,165	3,717	1,806	21,707	39,030
		Farebox Recovery Year-To-Date	78%	51%	33%	39%	76%	68%
		Cost per Available Seat Mile - August 2019	\$0.32	\$0.35	\$0.57	\$0.18	\$0.26	\$0.28
		Average peak hour utilization, AM - August 2019	64%	60%	51%	57%	80%	62%
		Average peak hour utilization, PM - August 2019	84%	62%	61%	61%	79%	69%
Fuel		Fuel Used (gallons) - August 2019	65,227	17,618	13,119	15,402	187,445	298,811
		Avg Cost per gallon - August 2019	\$2.47	\$2.47	\$2.47	\$2.47	\$2.42	\$2.44

* Includes Harbor Bay-South San Francisco pilot. August ridership: 47 boardings.

**Includes backup bus boardings. August bus ridership totaled 97 for Vallejo.

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2019/20 Financial Statements for Two Months
Ending August 31, 2019

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2019/20 Financial Statements for two months ending August 31, 2019.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenues	\$4,506,990	\$4,086,668	\$4,889,703
Bridge Toll Revenues	2,275,359	3,690,383	2,085,495
Contra Costa Measure J	-	551,367	515,914
Other Revenues	3,850	121,900	9,226
Total Operating Revenues	\$6,786,199	\$8,450,317	\$7,500,337
Expenses - Year To Date:			
Planning & Administration	\$314,539	\$500,000	\$283,470
Ferry Services	6,471,660	7,950,317	7,216,868
Total Operations Expenses	\$6,786,199	\$8,450,317	\$7,500,337
System-Wide Farebox Recovery %	70%	51%	68%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2019/20 Budget
Revenues:		
Federal Funds	\$3,629,940	
State Funds	1,616,706	
Bridge Toll Revenues	473,247	
Other Revenues	47,526	
Total Capital Revenues	\$5,767,418	7.71%
Expenses:		
Total Capital Expenses	\$5,767,418	7.71%

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 2019/20 Statement of Revenues and Expenses
For Two Months Ending 8/31/2019

% of Year Elapsed 17%

	Aug-19 Actual	Year - To - Date			Total FY2019/20 Budget	% of Total Budget
		FY2018/19 Actual	FY2019/20 Budget	FY2019/20 Actual		
OPERATING EXPENSES						
<u>PLANNING & GENERAL ADMIN:</u>						
Wages and Fringe Benefits	\$107,546	\$191,680	\$251,483	\$226,877	\$1,508,900	15.0%
Services	77,084	143,428	294,817	134,682	1,768,900	7.6%
Materials and Supplies	568	492	10,400	955	62,400	1.5%
Utilities	2,050	6,851	8,583	4,442	51,500	8.6%
Insurance	-	1,200	4,767	1,046	28,600	3.7%
Miscellaneous	600	17,269	18,267	2,720	109,600	2.5%
Leases and Rentals	32,152	62,385	64,200	64,060	385,200	16.6%
Admin Overhead Expense Transfer	(76,278)	(108,766)	(152,517)	(151,313)	(915,100)	16.5%
Sub-Total Planning & Gen Admin	\$143,721	\$314,539	\$500,000	\$283,470	\$3,000,000	9.4%
<u>FERRY OPERATIONS:</u>						
<u>Harbor Bay FerryService (AHBF)</u>						
Purchased Transportation	\$180,916	\$369,811	\$421,650	\$367,818	\$2,529,900	14.5%
Fuel - Diesel & Urea	46,882	84,321	92,750	96,491	556,500	17.3%
Other Direct Operating Expenses	43,745	88,809	131,500	84,212	789,000	10.7%
Admin Overhead Expense Transfer	8,389	13,316	16,817	16,652	100,900	16.5%
Total Harbor Bay Farebox Recovery - AHBF	\$279,932	\$556,257	\$662,717	\$565,174	\$3,976,300	14.2%
	51%	53%	45%	51%	45%	
<u>Alameda/Oakland Ferry Service (AOFS)</u>						
Purchased Transportation	\$709,954	\$1,488,027	\$1,598,083	\$1,551,430	\$9,588,500	16.2%
Fuel - Diesel & Urea	173,385	326,873	359,700	356,723	2,158,200	16.5%
Other Direct Operating Expenses	201,486	331,251	460,017	275,050	2,760,100	10.0%
Admin Overhead Expense Transfer	34,175	48,909	68,267	67,806	409,600	16.6%
Total Alameda/Oakland Farebox Recovery - AOFS	\$1,119,000	\$2,195,060	\$2,486,067	\$2,251,009	\$14,916,400	15.1%
	75%	76%	57%	78%	57%	
<u>Vallejo FerryService (Vallejo)</u>						
Purchased Transportation	\$887,814	\$1,950,250	\$1,977,967	\$1,864,820	\$11,867,800	15.7%
Fuel - Diesel & Urea	454,579	898,155	1,055,433	927,611	6,332,600	14.6%
Other Direct Operating Expenses	154,253	247,896	409,400	287,473	2,456,400	11.7%
Admin Overhead Expense Transfer	25,783	40,560	51,533	51,166	309,200	16.5%
Total Vallejo Farebox Recovery - Vallejo	\$1,522,430	\$3,136,861	\$3,494,333	\$3,131,070	\$20,966,000	14.9%
	75%	76%	57%	76%	57%	
<u>South San Francisco FerryService (SSF)</u>						
Purchased Transportation	\$159,258	\$437,627	\$400,983	\$357,679	\$2,405,900	14.9%
Fuel - Diesel & Urea	34,784	72,204	74,550	71,517	447,300	16.0%
Other Direct Operating Expenses	35,076	67,670	82,617	67,598	495,700	13.6%
Admin Overhead Expense Transfer	3,661	5,981	7,283	7,278	43,700	16.7%
Total South San Francisco Farebox Recovery - SSF	\$232,779	\$583,481	\$565,433	\$504,072	\$3,392,600	14.9%
	43%	27%	35%	39%	35%	
<u>Richmond FerryService (Richmond)</u>						
Purchased Transportation	\$306,142	<i>Richmond Ferry Service was launched in January 2019</i>	\$568,133	\$603,496	\$3,408,800	17.7%
Fuel - Diesel & Urea	41,020		92,067	84,177	552,400	15.2%
Other Direct Operating Expenses	39,660		72,950	69,460	437,700	15.9%
Admin Overhead Expense Transfer	4,270		8,617	8,411	51,700	16.3%
Total Richmond Farebox Recovery - Richmond	\$391,091	\$0	\$741,767	\$765,544	\$4,450,600	17.2%
	35%	0%	26%	33%	26%	
Sub-Total Ferry Operations	\$3,545,232	\$6,471,660	\$7,950,317	\$7,216,868	\$47,701,900	15.1%
Farebox Recovery - Systemwide	66%	70%	51%	68%	51%	
Total Operating Expenses	\$3,688,953	\$6,786,199	\$8,450,317	\$7,500,337	\$50,701,900	14.8%
OPERATING REVENUES						
Fare Revenue	\$2,354,509	\$4,506,990	\$4,086,668	\$4,889,703	\$24,520,000	19.9%
Regional - Bridge Toll	1,073,527	2,275,359	3,690,383	2,085,495	22,142,300	9.4%
Regional - Contra Costa Measure J	253,651	-	551,367	515,914	3,308,200	15.6%
Regional - Alameda Tax & Assessment	-	-	121,333	-	728,000	0.0%
Other Revenue	7,266	3,850	567	9,226	3,400	0.0%
Total Operating Revenues	3,688,953	\$6,786,199	\$8,450,317	\$7,500,337	\$50,701,900	14.8%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2019/20 Statement of Revenues and Expenses
For Two Months Ending 8/31/2019

Project Description	Aug-19 Total	Total Project Budget	Total Prior Expense	Total FY2019/20 Budget	Total FY2019/20 Expense	Total Future Year	% of Total Project Budget Spent
CAPITAL EXPENSES:							
<u>FACILITIES:</u>							
Terminal Construction							
Downtown Ferry Terminal Expansion - South Basin	\$1,941,697	\$97,965,000	\$78,915,751	\$19,049,249	\$3,051,501	\$0	84%
Maintenance and Operations Facilities							
Ron Cowan Central Bay Operations & Maintenance Facility	127,144	69,500,000	63,197,399	6,302,601	127,931	-	91%
Terminal Improvement							
Install Mooring Piles - Harbor Bay Terminal	-	251,500	-	251,500	585	-	0%
Terminal Signage and Wayfinding - East Bay Terminals	-	135,000	-	135,000	-	-	0%
<u>FERRY VESSELS:</u>							
Vessel Construction							
445-Pax Expansion (Waterjet) Vessels - 2 vessels	1,064,411	46,745,000	28,771,355	17,973,645	2,296,587	-	66%
400-Pax Expansion (Propeller) Vessels - 2 vessels	-	33,400,000	32,943,928	456,072	-	-	99%
New Commuter Class High-Speed Vessel	26,275	15,300,000	7,421,609	7,878,391	27,562	-	49%
Vessel Replacement - M/V Bay Breeze	2,476	18,000,000	-	6,000,000	4,231	12,000,000	0%
Vessel Rehabilitation and Refurbishment							
Vessel Engine Overhaul - M/V Intintoli and M/V Mare Island	-	3,000,000	877,961	2,122,039	1,511	-	29%
Vessel Qtr-Life Refurbishment - M/V Scorpio	223,929	3,005,350	70,062	2,935,288	231,478	-	10%
Vessel Engine Overhaul - M/V Taurus	-	800,000	198,928	601,072	116	-	25%
Vessel Service Life Extension - M/V Solano	4,695	13,000,000	145,099	10,000,901	23,721	2,854,000	1%
Vessel Engine Overhaul - M/V Argo and M/V Carina	378	240,000	-	240,000	1,607	-	1%
Vessel Engine Overhaul - M/V Gemini	-	515,350	-	515,350	585	-	0%
Vessel Engine Overhaul - M/V Pyxis	-	170,000	-	170,000	-	-	0%
<u>CAPITAL EQUIPMENT / OTHER:</u>							
Purchase Service Vehicles	-	185,000	-	185,000	-	-	0%
Total Capital Expenses	\$3,391,003	\$302,212,200	\$212,542,090	\$74,816,110	\$5,767,418	\$14,854,000	
CAPITAL REVENUES:							
Federal Funds	\$2,650,320	\$67,437,543	\$22,485,494	\$33,068,849	\$3,629,940	\$11,883,200	39%
State Funds	471,872	184,186,792	151,568,893	31,375,649	1,616,706	1,242,250	83%
Regional - Bridge Toll	223,731	46,896,968	37,593,689	8,732,479	473,247	570,800	81%
Regional - Alameda Sales Tax Measure B / BB	45,080	2,204,397	14,014	1,032,633	46,941	1,157,750	3%
Regional - Alameda TIF / LLAD / HBBPA	-	386,500	-	386,500	585	-	0%
Regional - San Francisco Sales Tax Prop K	-	1,100,000	880,000	220,000	-	-	80%
Total Capital Revenues	\$3,391,003	\$302,212,200	\$212,542,090	\$74,816,110	\$5,767,418	\$14,854,000	

TO: WETA Board Members

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

SUBJECT: WETA Federal Legislative Board Report – October 2019

This report covers the following topics:

1. Repurposing WETA's Unused Earmarks
2. Mandatory Transit Cuts Averted
3. Surface Transportation Bill

Repurposing WETA's Unused Earmarks

WETA obtained funding (earmarks) for ferry service from Berkeley to downtown San Francisco through the annual appropriations process in FY08 (\$642,346), FY09 (\$475,000) and FY10 (\$1,000,000). This funding could not be utilized until the Berkeley project was further developed, and because of the rules attached to this funding the money could not be re-allocated to another WETA construction project. We have worked with the Congressional delegation to have language included in annual appropriations bills to allow earmark recipients to repurpose unspent earmarks if those funds are more than ten years old (a length of time that was decided by Congressional leadership).

The Senate Appropriations Committee took up and passed its FY20 "Transportation, and Housing and Urban Development, and related agencies" Appropriations bill last week. Included in the bill is the language that will allow grantees to repurpose unspent earmarks that have been unused for more than ten years. This means the FY09 Berkeley earmark (\$475,000) will be available for WETA to "repurpose" at some point next year. The FY08 earmark was made available to WETA this year thanks to language in the FY19 Transportation Appropriations bill. The FY10 earmark will be available if similar language is included in the FY21 Transportation Appropriations bill.

Congress sent a Continuing Resolution (CR) to the President that extends government funding through November 21. The DOT will be able to start the process of repurposing earmarks from FY09 after a final FY20 bill is signed into law by the President, either on or around November 21, or later in the year (or early next year) if negotiations over the FY20 appropriations bills continue to break down and Congress needs to continue passing CRs to keep the federal government open.

Mandatory Federal Transit Funding Cuts Averted

As discussed above, Congress passed a Continuing Resolution (CR) that will keep the government funded through November 21. A CR is necessary because the House and Senate haven't been able to take up and pass any of the 12 appropriations bills that will fund the federal government in FY20 (beginning on October 1). A CR generally funds the government at previous year's funding levels.

The CR includes language that would waive the so-called "Rostenkowski" rule (Sec. 9503(e)(4) of the Internal Revenue Code of 1986), which requires the Treasury secretary to withhold transit

money from states and transit agencies if the amount of unfunded transit authorizations exceeds projected Highway Trust Fund receipts for the next four years. Such a waiver is needed to avert a \$1.2 billion cut to transit programs in FY20. This is because unfunded mass transit authorizations for fiscal 2020 would be \$27 billion but only \$26 billion was projected in revenues between 2021 and 2024.

The Rostenkowski rule is named for former Chicago Democratic Congressman Dan Rostenkowski, who was Chairman of the House Ways and Means Committee.

Surface Transportation Bill

The current surface transportation bill (FAST Act) expires on September 30, 2020. While this is a full year away, work is already underway to reauthorize the various Department of Transportation programs that provide funding for highways, bridges and transit under the FAST Act. As reported in an earlier report, the Senate Environment and Public Works (EPW) Committee took up and passed its portion of the surface transportation bill in July. This bill increased the amount of funding that will be available through the FHWA ferry formula program.

The Senate Banking Committee, which has jurisdiction over transit programs, including the Federal Transit Administration (FTA) discretionary grant program, is expected to take up its portion of the surface transportation bill in early 2020. The House Transportation and Infrastructure (T&I) is similarly expected to move its reauthorization bill forward in 2020. In the meantime, we will be working with members of the California Congressional delegation, members of the Public Ferry Coalition, organized labor and other WETA allies to lobby for additional funding for the FHWA formula program and FTA grant program.

Respectfully Submitted,

Peter Friedmann and Ray Bucheger

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

(September 5, 2019)

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 1:33 p.m.

2. PLEDGE OF ALLEGIANCE/ROLL CALL

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

3. REPORT OF BOARD CHAIR

Chair Breckenridge said that WETA will be participating in a state exercise on port recovery-related debris removal later this year and that she had attended the meeting of the Military Council.

4. REPORTS OF DIRECTORS

Vice Chair Wunderman reported that he had attended the opening of the new Chase Center in Mission Bay. He said the new, ongoing development of the area is creating a lot of traffic congestion in the area and it was critical to get transportation options in place as soon as possible, including WETA's temporary float to support ferry service.

Director Intintoli welcomed meeting guests.

Director DelBono welcomed the City of Alameda contingent of guests at the meeting.

5. REPORTS OF STAFF

Executive Director Nina Rannells shared her written report with Directors and said that WETA's contractor is prepared to move the temporary float into place at the Chase Center upon the receipt of a United States Army Corp of Engineers (USACE) permit to do so which was expected in the next few weeks.

Director Nicholas Josefowitz arrived at 1:43 p.m.

Ms. Rannells said that WETA had taken ownership of its newest fleet addition, the MV *Vela*, and held a christening event for the vessel which successfully passed its final United State Coast Guard (USCG) inspection.

Ms. Rannells reported that she and the Vice Chair had attended a Bay Planning Coalition (BPC) sponsored meeting at the Bay Conservation and Development Commission (BCDC) on the topic of BCDC's role in San Francisco Bay ferry service regulation.

Ms. Rannells noted that Senior Planner/Project Manager Chad Mason had been flown out to New York and asked to participate in a weeklong Staten Island Ferry Facilities Flood Protection Project Value

Engineering Study. She said this invitation was a compliment to Mr. Mason and WETA staff and reflected the expertise being developed by the agency in waterside development measures increasingly employed to mitigate public infrastructure damage that could result from anticipated sea level rise.

Ms. Rannells introduced and welcomed Arthi Krubanandh, WETA's new Transportation Planner, who joined the Planning & Development Team September 4.

6. CONSENT CALENDAR

Director DelBono made a motion to approve the consent calendar:

- a. Board Meeting Minutes – August 1, 2019

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

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

7. FASTER BAY AREA INITIATIVE OVERVIEW

Ms. Rannells introduced Bay Area Council (BAC) Chief Operating Officer John Grubb who shared a PowerPoint presentation on the new *FASTER Bay Area* sales tax initiative, begun initially about three years ago, with concerted efforts from the BAC, SPUR and the Silicon Valley Leadership Group for a future ballot.

Planning & Development Manager Kevin Connolly followed with a presentation on further details of the initiative as well as WETA's participation and objectives to date in the effort.

8. PROJECT UPDATE ON ALAMEDA POINT DEVELOPMENT AND SEAPLANE LAGOON FERRY TERMINAL CONSTRUCTION

Mr. Connolly introduced City of Alameda Community Development Director Debbie Potter who introduced many of the other City of Alameda staff at the meeting, including City Manager Eric Levitt, Assistant City Manager Gerry Beaudin, Ferry Terminal Project Manager Michelle Giles and Alameda Mayor Marilyn Ezzy Ashcraft who shared an update on the status of the City's Seaplane Lagoon Ferry Terminal project at the former naval air station redevelopment project Site A.

Mayor Ashcraft said the City was proud that 25% of its planned residential housing development at the site would be affordable units. She emphasized that the new Seaplane Lagoon Ferry Terminal was the centerpiece of the site's emerging enterprise district which, she emphasized, when fully developed and built out would support 5,000 new jobs at the redevelopment site. Mayor Ashcraft said that the City was currently marketing a 25 acre parcel at the site which was receiving a lot of attention in large part due to the promise of the new Seaplane Lagoon Ferry Service. She thanked WETA Directors and staff for support and partnership on the project and invited them to attend an official groundbreaking event scheduled for the following week.

Ms. Potter thanked Directors for WETA's \$2 million contribution to the ferry terminal construction and said all funding and permits for the terminal had been secured and work had begun in July. She noted that the terminal construction was being done by two Alameda companies, Power Engineering Construction Co. and Bay Ship & Yacht Co., and the terminal was expected to be completed in the spring. She said that a 400 space parking lot at the terminal would be paved the following week and that the City had hired Dixon Resources Unlimited to review parking at existing terminals and Seaplane Lagoon and provide the City with recommendations for parking management for all Alameda ferry terminals. She noted that a plan for Seaplane Lagoon parking management was expected to be in place when the new terminal opens for service next year.

Ms. Potter said City staff had been actively working with WETA to build on the 2016 Memorandum of Understanding (MOU) to create an operating and license agreement for the Seaplane Lagoon Ferry Service and that several iterations had been exchanged to date. She said this will clarify ownership rights and responsibilities and establish the approval process over the course of the terminal's design, construction and completion. Ms. Potter added that this document will also memorialize agreement on the maintenance, operation and ownership of the facility's landside and waterside improvements. She said it was her hope that the agreement would be finalized and signed by both parties very soon and that WETA ferry service will begin next year.

Ms. Potter reiterated the Mayor's invitation for Directors to attend the September 12 groundbreaking celebration from 11:30 a.m. to 1:00 p.m. at the site.

Director Intintoli congratulated Mayor Ashcraft and her team on their efforts and successes in moving the project forward. He said he was very concerned about funding for the new Seaplane Lagoon Ferry Service since the Board's expectation had been that the funds would come from WETA's Regional Measure 3 (RM3) funding and the current estimate of when those funds might be available for disbursement was as far out as five years because of lawsuits threatening the measure's validity.

Ms. Rannells said that in taking the funding delay into account, staff had been working on a range of service possibilities for this new route. She said the original 2016 MOU was based on the usual WETA new service minimum schedule of three morning and three evening trips and that additional funding would be required to support anything beyond that. Ms. Rannells said WETA's Planning & Development and Operations teams were working together with WETA's contract operator Blue & Gold Fleet to identify realistic and varied service scenarios. She explained that given the RM3 funding delay challenges and the resulting and growing expectations for draws against WETA's non-RM3 funding, staff will be bringing details for all of the demands to Directors for a larger, more comprehensive conversation about how WETA will fund its current and near term planned projects, including Alameda's Seaplane Lagoon service, next month. Ms. Rannells said that the next Board funding and projects discussion would inform the discussion with the City regarding the operating and license agreement.

Chair Breckenridge said that Seaplane Lagoon service cannot be considered in isolation and that all WETA projects that are going to require money need to be included to provide Directors with a larger view of the demands. It was agreed that this larger picture conversation would happen at the next meeting in October.

Ms. Potter said City of Alameda staff defers to the professionals at WETA to make ferry service decisions and guide the Alameda team. Ms. Potter said it would be ideal if service was in full swing by August 2020 and that while challenging, it was also a very exciting opportunity.

9. ADOPT BENEFIT PLANS TO RESTRUCTURE FUNDING OF EXISTING LONGEVITY STIPEND BENEFIT AND AUTHORIZE THE EXECUTIVE DIRECTOR AND FINANCE & ADMINISTRATION MANAGER TO TAKE ACTIONS TO SUPPORT IMPLEMENTATION OF THESE PLANS

Ms. Rannells presented this item to adopt WETA benefit plans to restructure the funding of the existing longevity stipend benefit and authorize the Finance & Administration Manager and her to take actions to support the implementation of these plans. She introduced Judith Boyette from Hanson Bridgett, LLP who explained that the proposed changes would support WETA in its execution of the benefit and prevent complicated and potentially expensive tax liabilities for the agency and benefit recipients. Ms. Boyette also noted that putting these programs in place would not preclude the Board from making changes to the programs in the future.

Director Intintoli made a motion to approve the item.

Director DelBono seconded the motion and the item carried unanimously.

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

**10. APPROVE CONTRACT AWARD TO AECOM FOR THE HOVERCRAFT
FEASIBILITY STUDY**

Senior Planner/Project Manager Mike Gougherty presented this item to approve a contract award to AECOM for a not-to-exceed budget amount of \$457,000 to provide professional services for the Hovercraft Feasibility Study and authorize the Executive Director to negotiate and enter into a contract for this work and take any other related actions as may be necessary to support the work. He provided Directors with a brief overview of the procurement and award process for the project and noted that WETA had received 8 responses to its Request for Proposals. Mr. Gougherty introduced Krystle McBride AECOM's Project Manager on the study and leader of AECOM's Marine Analysis Group, Mark Sisson, who will also work on the project.

Director DelBono made a motion to approve the item.

Director Intintoli seconded the motion and the item passed.

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

Vice Chair Wunderman abstained from the vote because AECOM is a BAC Board member.

**11. AUTHORIZE REJECTION OF ALL PROPOSALS FOR THE MV SOLANO
SERVICE LIFE EXTENSION PROJECT AND AUTHORIZE THE EXECUTIVE
DIRECTOR TO TAKE ACTIONS TO SUPPORT PROCUREMENT OF A NEW
REPLACEMENT VESSEL**

Operations & Maintenance Manager Keith Stahnke presented this item recommending that Directors authorize the rejection of all proposals for the MV *Solano* Service Life Extension Project and authorize the Executive Director to take actions to support procurement of a new replacement vessel. He reviewed the background of the project for Directors and noted that the work involved in the service life extension included cutting the vessel in half to accommodate the reduced emissions engine work which would likely cost just as much as building a new vessel.

Mr. Stahnke said that as a result, staff was recommending that all proposals received be rejected in favor of using funds budgeted for the project combined with funds from the sale of the vessel to purchase a new vessel. It was noted that while the MV *Solano* would be out of state emissions compliance at the end of 2019, outside of California - where CARB requirements do not apply - the vessel had a high market value and would be a desirable asset due to its good condition, age and the limited availability of similar vessels in the country. Mr. Stahnke said discussions had been explored with an operator in Washington state that could continue and that the vessel could take eight or nine months to sell on the open market.

Ms. Rannells said that the CARB restrictions were more stringent than the federal restrictions. Mr. Stahnke noted that this had been a difficult and complex project and this recommendation had been determined as the best way forward.

Director Intintoli made a motion to approve the item.

Director DelBono seconded the motion and the item carried unanimously.

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

12. SOLANO TRANSPORTATION AUTHORITY WATER TRANSIT FEASIBILITY STUDY OVERVIEW

Mr. Connolly presented this overview of results from the Solano Transportation Authority (STA) Water Transit Feasibility Study. He explained that the Study had performed ridership and financial feasibility analyses for both new ferry services and enhancements to the existing Vallejo service. Mr. Connolly said the study had focused on the Solano County cities of Benicia, Rio Vista and Vallejo and had included the possibility of Golden Gate Ferry providing service between Vallejo and Larkspur. He explained that the study had concluded that additional service between Vallejo and San Francisco was financially viable and will be warranted as demand increases.

Given the study's findings, Directors discussed the priority of ramping up WETA service levels for Vallejo in the future as demand continues to rise.

13. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

No public comments were shared.

14. RECESS INTO CLOSED SESSION

The meeting was recessed into closed session at 3:48 p.m.

15. REPORT OF ACTIVITY IN CLOSED SESSION

Directors reconvened from the closed session at 5:13 p.m.

Chair Breckenridge said there were no actions to report from the closed session.

With all business concluded, the meeting was adjourned at 5:15 p.m.

- Board Secretary

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Lauren Gularte, Program Manager/Analyst

SUBJECT: Approve State and Federal Legislative Programs for 2020

Recommendation

Approve WETA 2020 State and Federal Legislative Programs.

Discussion

Staff has worked with Nossaman LLP, WETA's state legislative representatives and FBB Federal Relations (Lindsay Hart, LLP), WETA's federal lobbyists to develop state and federal legislative programs for 2020. Development of these programs is a first step in the process to engage policymakers in Sacramento and raise the profile of WETA while continuing to bolster the awareness of WETA at the federal level. These programs establish the principles that will guide WETA's legislative and regulatory advocacy efforts at the state and federal levels during the calendar year, including the second half of the 2019-2020 State legislative session and 116th Congress. The programs are intended to be broad enough to cover the wide variety of issues that are likely to be considered during that time and flexible enough to allow WETA to respond swiftly and effectively to unanticipated developments. Adoption of these programs will provide our state and federal delegation and transportation partners with a clear statement of WETA's priorities and will provide a guide for staff and our consultants in carrying out our legislative efforts.

The legislative programs are structured to guide WETA's actions in support of the following general objectives:

- Raise the profile of WETA with state and federal policymakers
- Increase funding opportunities
- Minimize regulatory burdens on WETA projects

Both programs identify specific legislative initiatives and describe a set of policy strategies to achieve the selected objectives. To support the programs, Nossaman and FBB Federal Relations have developed a variety of public engagement strategies including direct engagement with policymakers and relevant agencies as well as coalition-based engagement to build awareness about specific issues. The State Legislative Program for 2020 is provided as **Attachment A** and the Federal Legislative Program for 2020 is provided as **Attachment B** to this report.

As a part of their ongoing legislative program work, Nossaman and FBB Federal Relations will actively monitor legislative and regulatory activity and identify issues or bills that WETA should be aware of that are consistent with or in opposition to WETA's legislative program. WETA staff will review these bills and determine the appropriate action to take in supporting or further discussing the bills and any recommended positions if the legislation falls within the scope of the adopted Legislative Program. If legislation falls outside of the scope of the adopted Legislative Program, staff will consult with the Board Chair and, ultimately, bring an item to the Board to discuss as necessary. Nossaman and FBB Federal

Relations will communicate any relevant bills or actions taken in its monthly state or federal legislative report submitted to the WETA Board.

In addition to initiating this more structured approach related to state legislation and policy development, staff is working with Nossaman to develop a program of organized meetings with WETA's legislative delegation that would include both staff and Board member engagement. This would include individual meetings with key legislators as well as an organized event in early 2020 to brief members on the status of our operation and projects and discuss legislative initiatives that are of interest and relevance to WETA.

Fiscal Impact

There is no fiscal impact associated with approving the State and Federal Legislative Programs for 2020.

END

Water Emergency Transit Authority 2020 State Legislative Program

Purpose

Legislative and regulatory actions have the potential to significantly benefit the Water Emergency Transit Authority programs and services. They also have the potential to present serious challenges that threaten the Authority's ability to meet ferry service demands.

The 2020 State Legislative Program establishes the principles that will guide the Authority's legislative and regulatory advocacy efforts through the 2020 calendar year, including the second half of the 2019-2020 State legislative session. The program is intended to be broad enough to cover the wide variety of issues that are likely to be considered during that time and flexible enough to allow the Authority to respond swiftly and effectively to unanticipated developments.

Objectives

The 2020 State Legislative Program is organized to guide the Authority's actions and positions in support of three primary objectives:

- Develop and implement a plan to raise the profile of the Authority with the State Legislature and Administration.
- Maintain and enhance funding opportunities to support the Authority's programs and services.
- Seek a regulatory environment that streamlines project delivery and maximizes the Authority's ability to meet ferry service demands.

Issues

The 2020 State Legislative Program is structured to apply these core objectives to a series of state issues within these categories:

- Budget, Transportation, Emergency Response Funding Opportunities
- Regulatory and Administrative Issues

Within these categories are a detailed list of specific legislative initiatives and corresponding set of policy strategies.

Should other issues surface that require the Authority's attention, actions will be guided by the three policy objectives listed above. If needed, potential action on significant issues that are unrelated to these policy goals will be brought to the Authority's Board Members for consideration.

Advocacy Process

Throughout the legislative session, WETA's state legislative representatives will recommend positions on legislative proposals. WETA staff will review and confirm the recommended positions, if the legislation falls within the scope of the adopted Legislative Program. If legislation falls outside of the scope of the adopted Legislative Program, staff will confer the

ATTACHMENT A

Board Chair. Legislative representatives will communicate the position to the relevant entity (such as the bill author, agency, or coalition). WETA's state legislative representatives will indicate positions and status for relevant pending bills on each monthly legislative report.

Public Engagement Strategies

Authority staff and legislative consultants will employ a variety of public engagement strategies to support the 2020 State Legislative Program, including:

- Direct Engagement
WETA's state legislative representatives will engage policy makers directly, submit correspondence and provide public testimony that communicates and advances the Authority's legislative priorities and positions. Direct engagement shall include but not be limited to the Governor's Office, the State Legislature, California State Transportation Agency, California Transportation Commission, California Department of Transportation, California Air Resources Board, Bay Conservation and Development Commission, California Office of Emergency Services, and the California Department of Housing and Community Development.
- Coalition-based Engagement
Engage local and regional stakeholders to build awareness about specific issues and participate in local, regional, and statewide coalitions organized to advance positions that are consistent with the 2020 Legislative Program. Coalitions include but are not limited to Metropolitan Transportation Commission, Bay Planning Coalition, California Transit Association, California Emergency Services Association, Passenger Vessel Association and others with the same interests.
- Media Engagement
Build public awareness and communicate the Authority's legislative priorities by issuing press releases, organizing media events, and use social media.

ATTACHMENT A

State and Regional	
Funding Opportunities and Challenges	
<i>Issue / Background</i>	<i>Strategy</i>
<p>SB 1 Gas Tax Funding</p> <p>In 2017, the State enacted SB 1, which, when fully implemented, will provide more than \$700m per year for public transit. This is the largest increase in dedicated transit funding in more than 40 years.</p> <p>Complimentary to SB 1 is ACA 5 (passed by voters in June 2018) which will protect new and existing sources of transit funding from future diversions by the Legislature.</p>	<ul style="list-style-type: none"> • Support State funding allocation requests for investments that benefit the Authority's programs and services. • Protect against the elimination or diversion of any State or regional funds that support the authority. • Work with statewide transit coalitions to identify and advance opportunities for funding that would support the authority's priorities.
<p>Cap-and Trade Revenues – Greenhouse Gas Reduction Fund</p> <p>In 2012, the State began implementing the cap-and-trade market-based compliance system approved as a part of the California Global Warming Solutions Act of 2006 (AB 32). Since the program began selling allowances, the program has generated billions of dollars. In 2014, legislation was enacted creating a long-term funding plan for cap-and-trade which dedicates 60 percent of cap-and-trade revenues to transportation. The remaining 40 percent is subject to annual appropriation through the state budget process. In 2017, the legislature extended the program from 2020 to 2030.</p> <p>WETA is eligible for funding through the Low Carbon Transit Operations Program and the Transit and Intercity Rail Capital Program. Each program's requirements, oversight, and competitiveness vary. The programs require a certain percentage of funds be expended in state defined "disadvantaged communities" (as defined by CalEnviroScreen).</p>	<ul style="list-style-type: none"> • Work with the Administration to secure the appropriation of cap-and-trade revenues to support the Authority. Example: greening the fleet. • Support legislation and regional action that makes a broad array of the Authority's emissions-reducing projects, programs and services eligible for investment. • Work to direct additional revenues to Authority programs, including efforts to secure funding from the remaining discretionary funds.

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<i>Issue / Background</i>	<i>Strategy</i>
<p>Emergency Response Funding</p> <p>WETA’s enabling legislation directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region, although no operating funds have ever been received by the Authority for this planning and coordination.</p>	<ul style="list-style-type: none"> • Advocate for funding to allow WETA to achieve the requirements in their enabling legislation to effectively carry out the responsibilities detailed in WETA’s Emergency Response Plan. • As necessary, coordinate efforts with partner organizations including but not limited to CalOES, Federal Emergency Management Agency, US Coast Guard, the Port of Oakland and the Port of San Francisco.
<p>RM3 Funding and Implementation</p> <p>In June 2018, 55% of Bay Area voters passed Regional Measure 3 to increase toll revenues to support transit and traffic relief infrastructure improvements. Senate Bill 595 was passed by the Legislature and signed into law by Gov. Brown in fall 2017 which authorized the regional ballot measure. It contained a spending plan for the toll revenue including \$300 million in capital funds to support construction of WETA vessels, terminals and facilities and an operating subsidy of up to \$35 million annually.</p> <p>Since its passage RM3 has been challenged by two lawsuits. On January 1, 2019 the Bay Area Toll Authority began collecting the first dollar of the approved toll increase. Toll revenues collected are being placed into an escrow account and will not be allocated to project sponsors until the lawsuits are settled.</p>	<ul style="list-style-type: none"> • Work with MTC and legislators if necessary to ensure that RM3 funding is provided to the Authority as soon as possible.
<p>Miscellaneous local, state and federal funding</p>	<ul style="list-style-type: none"> • Support innovative local and regional funding options that will provide financial support for the agencies projects and services. Example: support the FASTER Bay Area regional ballot measure effort. • Advocate for funding sources that would assist the Authority in obtaining funds for sustainability initiatives including long-term resource efficiency of facilities and equipment, renewable fuels and greenhouse gas reductions. • As needed, secure approval from Cal Trans to ensure the Authority is able to re-program a Federal earmark that is at risk of expiring.

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Transportation Projects	
<i>Issue / Background</i>	<i>Strategy</i>
Expanded Service: <ul style="list-style-type: none"> Alameda Seaplane Lagoon Ferry Terminal Mission Bay Terminal Treasure Island Ferry Service WETA Strategic Plan Projects 	<ul style="list-style-type: none"> Work with legislators to pursue potential budget funding for planning or construction of future terminal and vessel projects. Work with local jurisdictions that are considering new sales tax measures or have local measure revenue available to help with expansion planning or construction.
Service Studies: <ul style="list-style-type: none"> Hovercraft Feasibility Study Small Vessel Service /Study 	<ul style="list-style-type: none"> Work with partners in the region to bring business, community, and transportation stakeholders together to enhance, support and advocate for alternative modes of service delivery.
Transit Oriented Development: <p>Transit oriented development projects are an important part of the broad transit system to help support ridership. MTC's transit-oriented development policy considers regional funding for transit expansion projects on having enough people living near the proposed new transit station to support ridership. The policy sets minimums for the average number of existing and/or permitted housing units within a half-mile of each station along the expansion corridor. The minimum station area housing requirements for ferry is 750 units.</p>	<ul style="list-style-type: none"> Advocate for policies that promote transit-oriented development in ways that will compliment ferry services. Support the State's GHG reduction goals by supporting transit oriented development. Support state funding for investives and streamlining processes for transit oriented development.
Legislative, Regulatory and Administrative Issues	
General <p>Every year a variety of legislation or regulatory action is pursued that would affect regulations governing transportation-related service operations, administration, planning and project delivery. In addition, opportunities exist to reform or update existing regulations that are outdated, or can be improved to address potential burdens on transportation agencies without affecting regulatory goals.</p>	<ul style="list-style-type: none"> Support opportunities to remove barriers to, and improve the ability to conduct, safe, efficient transportation operations, administration, planning and project delivery, including alternative project delivery methods that provide flexibility to the agency. Oppose efforts to impose unjustified and burdensome regulations or restrictions on the Agency's ability to conduct efficient transportation operations, administration, planning and project delivery efforts.

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<i>Issue / Background</i>	<i>Strategy</i>
<p>Legislative Delegation</p> <p>As a regional agency created by the state legislature, the Authority is fortunate to have numerous legislators from the Bay Area that serve in capacities that impact transportation funding, legislation and oversight. It will be important to raise and renew awareness of the Authority with legislators through meetings, site visits, tours, etc.</p>	<ul style="list-style-type: none">• Meet with delegation members and key lawmakers to inform them of the benefits: ridership has doubled since 2012, 94% of passengers rate service as excellent or good, new boats and expanded service on the way.
<p>San Francisco Bay Conservation and Development Commission (BCDC)</p> <p>The complexity of the BCDC process creates time delays in the development of ferry projects. A modernized BCDC process would minimize unnecessary delays.</p>	<ul style="list-style-type: none">• Explore opportunities to modernize the BCDC process, without compromising the effectiveness of the review as an environmental protection policy.
<p>California Air Resources Board (CARB)</p> <p>The CARB is currently developing amendments to the Commercial Harbor Craft Regulation. The regulations set standards to reduce toxic and criteria emissions to protect public health. CARB expects the new regulations to be fully implemented by the end of 2022.</p>	<ul style="list-style-type: none">• Advocate for updates that balance compliance with cost and ability to implement.

Water Emergency Transportation Authority 2020 Federal Legislative Program

Purpose

The 2020 Federal Legislative Program establishes the principles that will guide WETA's legislative advocacy efforts through the 2020 calendar year and position WETA to effectively advocate for much needed funding for ferry boats and terminals.

With Congress expected to take up major transportation legislation in 2020, there is an opportunity to increase the amount of funding dedicated to grant programs that benefit public ferry systems. However, with a lack of consensus on how to pay for surface transportation programs, Congress will be unable to increase funding for all highway, bridge and transit programs, creating an environment where transportation stakeholders will be competing for a limited amount of new funding. Similarly, existing grant programs continue to be oversubscribed – there is not enough funding to satisfy current demand, which means there will also be a high level of competition for existing dollars. As a result, it will be as important as ever for WETA to actively seek support for federal funds for ferries.

Objectives

The 2020 Federal Legislative Program is organized to guide WETA's actions and positions in support of five primary objectives:

- Increase overall levels of funding for federal grant programs utilized by WETA;
- Position WETA to effectively compete for existing grant money;
- Minimize regulatory burdens on WETA projects;
- Facilitate advocacy for WETA by labor union allies, shipyards, WETA suppliers, locally elected officials and other WETA advocates;
- Maintain a high level of support amongst members of the California Congressional delegation and other key members of Congress that represent states where shipyards and other WETA suppliers are located.

Issues

The Federal Legislative Program is structured to fit within three primary categories:

- Funding Opportunities and Challenges;
- Legislative and Regulatory Issues;
- Political Support.

Within these categories are a detailed list of specific initiatives and corresponding set of policy strategies. Should other issues surface that require WETA's attention, actions will be guided by the three policy objectives listed above.

Advocacy Process

FBB Federal Relations will continue to coordinate coalition building and lobbying activities in Washington, D.C. with WETA staff, and will continue to provide a monthly update to the Board

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on outreach activities, strategy and results. Federal and state lobbyists should coordinate on identifying locally elected officials that can support Washington, D.C. initiatives.

Public Engagement Strategies

Working with WETA staff, FBB Federal Relations will employ a variety of public engagement strategies to support the 2020 Legislative Program, including:

- Direct Engagement
Maintain a high level of engagement with members of the California Congressional delegation, other members of Congress, key Congressional Committees and relevant federal agencies through regular briefings by FBB and “fly-ins” by WETA staff and Board members.
- Coalition-based Engagement
Continue to direct activities of the Public Ferry Coalition (while also working to grow Coalition membership) to increase funding for all public ferry systems. Expand the coalition of entities that will benefit from additional federal funding for WETA, including labor union allies, shipyards, suppliers and other WETA partners, and ensure their effective engagement with members of Congress. Work with state lobbyists to grow support for federal agenda amongst locally elected officials.
- Media Engagement
Any press releases, media events, and social media posts that are used to promote WETA priorities amongst state and local politicians can be used to the same effect with the Congressional delegation and other key stakeholders in Washington, D.C.

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Federal	
Funding Opportunities and Challenges	
Issue / Background	Strategy
<p>Increase Funding for the Federal Highway Administration (FHWA) Construction of Ferry Boats and Ferry Terminal Facilities Formula Program (FBP)</p> <p>The FAST Act changed the original FBP formula to one that is more favorable to WETA. Congress is unlikely to make further changes to the formula, hence we are focused on increasing the level of funding for the FBP, which is currently \$80 million annually.</p> <p>The legislative vehicle for increasing the level of funding for the FHWA FBP is the next surface transportation bill, which will replace the FAST Act, which expires on September 30, 2020. Committees of jurisdiction are the Senate Environment and Public Works (EPW) Committee and the House Transportation and Infrastructure (T&I) Committee.</p>	<ul style="list-style-type: none"> • Target leadership for Senate EPW and House T&I committees. • Coordinate outreach to EPW and T&I Committees by members of the California Congressional delegation. • Work with Public Ferry Coalition members, organized labor, and other WETA advocates, to encourage key Senators and House members to advocate for additional funding.
<p>Increase Funding for the Federal Transit Administration (FTA) Passenger Ferry Grant Program</p> <p>The Passenger Ferry Grant program provides competitive funding for projects that support passenger ferry systems in urbanized areas. Currently, only \$30 million is available annually for projects around the entire country. We are seeking to increase the level of funding for this program.</p> <p>The legislative vehicle for increasing the level of funding for the FTA Passenger Ferry Grant program is the next surface transportation bill, which will replace the FAST Act, which expires on September 30, 2020. Committees of jurisdiction are the Senate Banking Committee and the House Transportation and Infrastructure (T&I) Committee.</p>	<ul style="list-style-type: none"> • Target leadership for Senate Banking and House T&I Committees. • Coordinate outreach to Banking and T&I Committees by members of the California Congressional delegation. • Work with Public Ferry Coalition members, organized labor, and other WETA advocates, to encourage key Senators and House members to advocate for additional funding.

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<i>Issue / Background</i>	<i>Strategy</i>
<p>Repurpose Unspent Earmarks</p> <p>WETA obtained funding (earmarks) for ferry service from Berkeley to downtown San Francisco through the annual appropriations process FY08 (\$642,346), FY09 (\$475,000) and FY10 (\$1,000,000). This funding could not be utilized at the time or re-allocated due to program restrictions. Language has been included in the annual appropriations bills to allow earmark recipients to repurpose unspent earmarks if those funds are more than ten years old (a length of time that was decided by Congressional leadership).</p>	<ul style="list-style-type: none"> • Work with Congressional delegation to ensure future appropriations bills contain similar language so that all of WETA's unspent earmarks can be repurposed.
<p>Annual Federal Transit Administration (FTA) Passenger Ferry Grant Program Funding Opportunities</p> <p>The Passenger Ferry Grant program provides competitive funding for projects that support passenger ferry systems in urbanized areas. There is approximately \$30 million available through this program annually. We expect a Notice of Funding Availability (NOFA) to be issued for FY20 in the coming months.</p>	<ul style="list-style-type: none"> • Work to identify possible projects for funding. • Meet with FTA staff to discuss FY19 application and brief agency on FY20 application. • Seek letters of support and phone calls from the Congressional delegation for WETA's next grant application. • Have labor union allies and other WETA advocates to provide support for WETA grant application.
<p>BUILD Grants</p> <p>The Better Utilizing Investments to Leverage Development, or BUILD Grant program (previously known as the TIGER Grant program), provides funding for large infrastructure projects, including transit projects. Congress provided \$900 million for the BUILD grant program in FY19. Congress is currently working through the FY20 appropriations process and will determine the level of funding available for the next round of grants.</p>	<ul style="list-style-type: none"> • Assess the viability of WETA project application for BUILD Grant funding. • Identify possible projects for which to seek funding. • Seek letters of support and phone calls from the Congressional delegation for any WETA grant application. • Have labor union allies and other WETA advocates to provide support for any WETA grant application.

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<i>Issue / Background</i>	<i>Strategy</i>
<p>Funding for Emergency Response</p> <p>The Transit Security Grant Program is an annual competitive grant program through the Department of Homeland Security and the Federal Emergency Management Agency (FEMA) which funds transportation infrastructure security activities WETA is an eligible recipient of this program.</p>	<ul style="list-style-type: none"> • Identify possible projects for which to seek FEMA grant program funding. • Seek letters of support and phone calls from the Congressional delegation for any WETA grant application. • Have labor union allies, regional first responder agencies, and other WETA advocates to provide support for any WETA grant application.
<p>General Funding Levels for Surface Transportation Bill</p> <p>The amount of additional funding that Congress can allocate for the FHWA and FTA programs is tied to the overall level of funding that Congress provides for the next surface transportation bill. Current funding is insufficient to support existing transportation programs; new funding will be needed in order to grow current programs and make new investments.</p> <p>The traditional funding method for surface transportation has been the federal motor fuels excise tax (aka, the gas tax), which is deposited into the Highway Trust Fund (HTF). Legislation that would increase the gas tax is meeting significant resistance in Congress, and there is a lack of consensus on other potential funding mechanisms.</p>	<ul style="list-style-type: none"> • Support efforts to encourage members of Congress to vote in favor funding mechanisms that will result in increased funding for the surface transportation bill. • Provide frequent updates to WETA as overall funding levels for the surface transportation bill are directly correlated to additional funding for the FHWA formula and FTA Passenger Ferry Grant programs.
<p>Avoiding Cuts to Transit Funding</p> <p>The so-called "Rostenkowski" rule (Sec. 9503(e)(4) of the Internal Revenue Code of 1986) requires the Treasury secretary to withhold transit money from states and transit agencies if the amount of unfunded transit authorizations exceeds projected Highway Trust Fund receipts for the next four years. The Rostenkowski rule can be waived through an act of Congress.</p> <p>Such a waiver is needed to avert a \$1.2 billion cut to transit programs in FY2020. This is because unfunded mass transit authorizations for fiscal 2020 would be \$27 billion but only \$26 billion was projected in revenues between 2021 and 2024.</p>	<ul style="list-style-type: none"> • Support legislation that would waive the Rostenkowski rule. • Provide frequent updates to WETA on status of such a waiver.

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Legislative and Regulatory Issues	
<i>Issue / Background</i>	<i>Strategy</i>
<p>Permitting</p> <p>Any WETA project on the water requires permits from over a dozen regulatory agencies. Several federal agencies review such permits sequentially and not concurrently adding months and sometimes years to project timelines and associated cost for time spent managing the permit review process.</p>	<ul style="list-style-type: none"> Analyze the time required to obtain permits from federal agencies on past WETA projects and determine whether this timeframe delayed the project completion. Identify strategies to streamline the federal permitting review process. Work with the Congressional delegation to seek resolution of any specific issues that are causing delay to important projects.
Political Support	
<p>California Congressional Delegation</p> <p>WETA has received tremendous support from the California Congressional delegation (for example, both Senators and ten Bay Area House members sent letters to FTA in support of WETA's most recent grant application). Furthermore, three Bay Area House members sit on the House Transportation and Infrastructure (T&I) Committee and all three are on the Highways and Transit subcommittee, which controls funding levels for the FHWA and FTA grant programs. WETA is also a constituent of the Speaker of the House, who has a long history of supporting WETA initiatives.</p>	<ul style="list-style-type: none"> Continue meetings with California Senators and House members, and their staff, on a regular basis to provide updates on WETA, and work to ensure these members prioritize WETA initiatives. Continue meeting with staff for Congressional committees with jurisdiction over FHWA and FTA, including the Senate Environment and Public Works (EPW) Committee, Senate Banking Committee and the House Transportation and Infrastructure (T&I) Committee. Organize meetings in Washington, D.C. for WETA staff and Board members for meetings with the Congressional delegation. <ul style="list-style-type: none"> Meetings should also include other keys members of Congress, relevant Congressional committees, labor union allies based in Washington, D.C. and key federal agencies.
<p>Coalition Building – Public Ferry Coalition</p> <p>Many years ago, we came together with the lobbyist for Washington State Ferries to create the Public Ferry Coalition. Members of this informal coalition include: WETA, Washington State, Alaska, Staten Island, Maine, North Carolina and Cape May-Lewes. Members of the coalition have worked together to advocate for additional funding for public ferry systems and for policies that similarly affect all public ferry systems. By working with public ferry systems from other states, we are able to effectively leverage the support of members of Congress from outside California.</p>	<ul style="list-style-type: none"> Continue coordinating with members of the Public Ferry Coalition to increase overall levels of funding available to public ferry systems and to lobby on issues that affect all public ferry operators. Work to grow the Public Ferry Coalition to include other public ferry operators from other states, so as to increase the political clout of the coalition. While Golden Gate is not a member of the Public Ferry Coalition, it would be useful to coordinate with Golden Gate's government affairs team so that we are aligned in promoting our priorities to the Bay Area Congressional delegation.

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<i>Issue / Background</i>	<i>Strategy</i>
<p>Coordination with Labor Unions</p> <p>Members of the International Longshore and Warehouse Workers Union (ILWU), and its Inland Boatman’s Union (IBU) and the Masters Mates and Pilots (MMP) union benefit from additional federal funding for WETA – additional ferry boats and terminals often means additional jobs for their members. As a result, the Washington, D.C. representatives for these unions have proven to be strong allies as we seek additional funding for public ferry systems. We are able to increase the “intensity” of support from the Bay Area Congressional delegation through our partnership with these labor unions.</p>	<ul style="list-style-type: none">• Continue coordinating with these labor unions on efforts to increase overall levels of funding available to public ferry systems.
<p>Leveraging Shipyards</p> <p>WETA has utilized multiple shipyards in Washington state, employing constituents of key members of the Washington Congressional delegation that sit on key Congressional committees. By connecting shipyard jobs in Washington with ridership growth in San Francisco, we have been able to expand WETA’s political clout beyond the Bay Area.</p>	<ul style="list-style-type: none">• Continue coordinating with relevant shipyards to leverage the political clout of members of Congress outside of California and increase Congressional support for WETA priorities before the Senate EPW and Banking Committees, and House T&I Committee.

MEMORANDUM

TO: Board Members

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

SUBJECT: Review Fare Program Goals and Objectives

Recommendation

There is no specific recommendation associated with this information item.

Background

The WETA Board adopted a fare policy in November 2011 that was designed to both support system cost recovery and promote ridership. The policy encourages developing and maintaining a system of fares that maximizes ridership while maintaining sufficient farebox revenues to support system operating costs. The policy formally articulates the following seven policy principles:

- **System Cost Recovery**
 - ▶ Meet farebox recovery requirements
 - ▶ Consider local contributions
 - ▶ Maintain operating cost recovery
 - ▶ Annual fare adjustments
 - ▶ Fare surcharge for unanticipated expenses
- **Promote Ridership**
 - ▶ Provide frequent rider discounts
 - ▶ Offer other fare incentives

In September 2014, the WETA Board approved a five-year FY 2015-2020 Fare Program developed to achieve specific objectives consistent with WETA's fare policy and the overall goal of achieving fiscal sustainability and system wide consistency. Specifically, the fare program goals were to:

- **Standardize Fare Categories** – Define a uniform set of fare categories and related eligibility criteria for all WETA services that are consistent with regional standards.
- **Establish Common Fare Products** – Identify a common set of fare products for all WETA services.
- **Streamline Fare Offerings** – Simplify and streamline fare products based on utilization, redundancy with other products, fraud vulnerability, ease of sale and distribution and a desire to encourage customers to migrate to utilize the new Clipper system.

- **Promote Consistent Discount Pricing** – Establish standard discount rates for fare categories and fare products offered by WETA, including frequent riders, youth, senior, disabled and group fares/fare products.
- **Provide a Multiyear Fare Increase Program** – Develop a planned set of regular fare increases over a multiyear period to generally allow revenues to keep pace with the anticipated inflation of operating costs while minimizing impacts to ridership.

Upon approval of the Fare Program, WETA executed the planned changes to its fare structure in FY 2015 and implemented the first of its pre-approved annual fare increases on July 1, 2015. The final increase approved by the Program for FY 2020 was implemented on July 1, 2019.

Since approval of the FY 2015-2020 Fare Program, which increased fares approximately 3% annually, WETA's ridership growth and financial performance have been consistent with the goals of the Fare Program and WETA Fare Policy. Since the start of FY 2015, ridership and total operating costs have grown at nearly identical rates, increasing by 42 and 43 percent over a roughly 5-year period. As a result, WETA has been able to maintain a consistent farebox recovery ratio, which has increased modestly from 52 percent of total operating costs in FY 2015 to 57 percent for FY 2019. The Fare Program has also promoted the successful market penetration of Clipper fare media, which now accounts for approximately 75 percent of fare payments systemwide and over 90 percent of fare payments on WETA's commute-only routes.

Special Event Fares

As a part of the fare program development it was determined that special event fares for baseball games, which targeted full cost recovery, would be handled separately as they required annual analysis of farebox recovery and operational costs in order to estimate the appropriate fare for each upcoming baseball season. Due to the seasonal nature of special event baseball services and the changing nature of annual ridership, vessel availability and other service cost and revenue factors, costs and revenues varied from year to year and special event fares did not undergo the same regular increases as standard fares over the five-year program period. With the opening of Chase Center and the resulting potential of year-round special event services to Oracle Park and Chase Center events, staff will pursue folding special event fare adjustments into the larger fare program of regular increases to address annual system cost escalation.

Regional Initiatives

There is a broader regional context to acknowledge when considering a new WETA fare program. MTC is currently engaged in an effort with a select group of large transit operators to pilot a Means-based Fare program that seeks to address equity concerns surrounding the cost of transit. While this program will set up the necessary infrastructure to ultimately extend this program to additional operators, the results of the program are not expected within the time frame required to adopt a new WETA fare program. In addition, the Clipper fare media will be undergoing a wholesale upgrade that has the goal of making Clipper much more flexible and available across multiple media types. The target start date for Clipper 2.0 – as the upgrade program is called – will be 2022. Finally, a new initiative to study implementation of a regional fare program that would integrate fares across multiple transit operators in the region is underway. This effort will be led by MTC and operator staffs under the management of the Clipper Executive Board and will be completed in the next 12 months. While these three important regional efforts will inform policy decisions about WETA fares in the future, they will not be resolved prior to implementation of a new WETA fare program in July 2020 (FY 2021).

Discussion

New authorization will be needed by the WETA Board to implement future fare changes for FY 2021 since the term of the Fare Program runs only through the end of FY 2020. In order to develop a new fare program, WETA has secured the services of Four Nines Technologies (Four Nines) to support staff efforts. Staff has engaged Four Nines to propose an initial set of goals and objectives for the new fare program, which were developed in consideration of WETA's Fare Policy, the outcome of its FY 2015-2020 Fare Program, and current regional efforts concerning fares, such as the development of Clipper 2.0 and regional fare coordination. Based on these factors, the following goals and objectives are proposed:

1) Financial Sustainability

- Continue implementing relatively small fare increases on a relatively frequent (annual) basis to account for operating cost inflation.
- Consider use of fare surcharges to mitigate significant unforeseen increases in operating expenses.
- Include Special Event fares in the Fare Program and ensure that the services cover their full incremental operating costs.

2) Maximize Ridership

- Keep WETA's fares for frequent commuters competitive with fares for other regional transit options.
- Pursue pricing strategies that ensure WETA services are affordable for a broad range of potential riders.

3) Flexibility

- Design a flexible program that can be adaptable to accommodate future initiatives such as a regional fare program, new fare collection technologies, new services and the potential to implement parking fees.

4) Seamless Transit Connections

- Encourage transit access to WETA terminals by working with local bus operators to provide free or discounted bus transfers to and from WETA ferries on a shared-cost basis.

5) Fare Simplification

- Offer price incentives to use electronic fare payment media in order to reduce cash fare collection and ticket sales requirements.
- Simplify cash fare collection by rounding fares to nearest \$0.25.

Pending input from the WETA Board, staff will further engage its consultant to develop program options that would meet the goals and objectives above over a multiyear period and undertake a comprehensive financial cost analysis. Staff will present its recommended program to the Board prior to requesting authorization to initiate public outreach efforts. Staff anticipates proposing a final fare program for approval by the Board in March in order to implement its next annual fare increase on July 1, 2020. The duration of the new program could be five years, consistent with the current program or could be limited to two or three years to allow regional efforts to inform a more significant change in WETA's fare program.

Fiscal Impact

There is no fiscal impact associated this information item.

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Planning & Development Manager
Keith Stahnke, Operations & Maintenance Manager
Lynne Yu, Finance & Administration Manager

SUBJECT: Five-Year Financial Outlook and System Expansion Opportunities

Recommendation

This is an informational item for discussion.

Discussion

At the September 5, 2019 meeting, Chair Breckenridge requested staff to prepare an overview of WETA's financial outlook over the next five years with no new Regional Measure 3 funds and a discussion of how planned expansion work might fit into WETA's current restricted financial reality. This item provides the Board of Directors a five-year outlook of the costs associated with maintaining current levels of service with the current ferry fleet and provides a basis for the Board to discuss potential opportunities to lean forward with expanded service in key markets using surplus or new revenues. This exercise assumes Regional Measure 3 (RM3) will not be available over the five-year planning period.

This item is presented in two parts including: a) A Five-Year Financial Outlook that provides a description of current services, a discussion of WETA's capital program and a five-year financial projection for WETA's current system; and b) System Expansion Opportunities discussion that describes the potential opportunities and resources to lean forward in the next three to five years to continue the momentum we have started in planning and building out the WETA system.

It is staff's intent to use feedback from the Board of Directors to continue planning work on the opportunities that the Board expresses interest in pursuing, using the resources the Board expresses interest in using. Staff will bring back further discussion and action items at future meetings for Board consideration as desired and warranted.

Should RM3 funds become available during this timeframe, WETA staff expects to revisit the previously adopted RM3 expenditure plan with the Board and aggressively move forward to pursue the vision set out in WETA's 2016 Strategic Plan.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Five-Year Financial Outlook

Recommendation

This is an informational item for discussion.

Discussion

FY 2019/20 Budget

WETA's FY 2019/20 Budget includes an operating budget of \$50.7 million, including \$3 million to support Planning and Administration and \$47.7 million to support service operation, and a capital budget of \$60.7 million to support WETA's program of services and capital construction projects.

Funds budgeted to support WETA's service operation in FY 2019/20 include \$24.6 million in passenger fare revenues, \$22.1 million in bridge toll funds administered by the Metropolitan Transportation Commission (MTC) and \$4.0 million in other local subsidies. Other local subsidies include \$3.3 million in Contra Costa County Measure J Sales Tax funds and \$728,000 in Alameda Property Tax and Assessment funds.

Funds to support the FY 2019/20 capital program are a mix of \$19.2 million in State funds, \$33.0 million in Federal funds administered by FTA, \$7.0 million in Bridge Toll Revenues administered by MTC and \$1.5 million in other Local funds including \$884,600 in Alameda County Transportation Sales Tax Measure B/BB funds from the Alameda County Transportation Commission.

Financial Projection Overview

Using the FY 2019/20 Budget as Year 0, staff has prepared a five-year financial projection of WETA's operating and capital program required to support WETA's current fleet (vessels in operation and under construction), facilities and levels of service. The Five-Year Financial Projection is provided as **Attachment A** to this report. This projection assumes that current operating and capital funds available to WETA remain unchanged and that RM3 revenues are not available during this period. The projection also assumes that ridership continues to grow at a moderate pace and that the Board adopts a new fare program largely consistent with WETA's existing fare program in terms of annual increases, which has kept pace with cost inflation. The current fare program is scheduled to conclude at the end of June 2020.

WETA's five-year program is estimated to cost \$411.5 million, including \$281.9 million in operating expense and \$129.6 in capital expense. Based upon the financial projection, current revenues are estimated to be sufficient to cover projected costs over the five-year period and leave sufficient fund balances to address unforeseen expenses. While the delay in availability of RM3 funds will impact

WETA's ability to aggressively pursue its system expansion and enhancement plans and projects, it will not have an immediate impact on WETA's ability to support operation and maintenance of its current services.

5-Year Operating Program

WETA currently operates two all-day, all-week routes (Vallejo and Alameda/Oakland), three commute routes (Richmond, Harbor Bay and South San Francisco) and two special service routes (Oracle Park and Chase Center). These services carried just over 3 million passengers in FY 2018/2019, a 7 percent year-over-year increase. The five-year financial projection identifies an operating cost of \$281.9 million to maintain and sustain WETA's current level of ferry services over the five-year period funded with \$127.9 million in operating subsidies and \$154 million in fare revenues (62% overall farebox recovery). A WETA Service Overview is provided as **Attachment B**.

5-Year Capital Program

The five-year financial projection identifies a capital rehabilitation and replacement program totaling \$129.6 million to maintain and sustain our current fleet of vessels and facilities assumed to be funded with \$94.7 million Federal, \$13.6 million State, \$7 million Regional Bridge Tolls and \$14.3 million Local Alameda funds. Project costs fall into three primary categories including:

- Vessels – Approximately \$108.2 million is planned for rehabilitation and replacement of WETA's fleet of 16 vessels during the five-year period.
- Terminals and Facilities – Approximately \$18.6 million is needed for rehabilitation and replacement of WETA ferry terminals and maintenance and berthing facilities, as well as related dredging activities.
- Capital Equipment – Approximately \$2.8 million is needed to support routine purchase and replacement of capital maintenance equipment for the North Bay and Central Bay Operations and Maintenance Facilities and WETA terminals.

A detailed description of WETA's Capital Program Components is provided in **Attachment C**. A spreadsheet providing the Capital Project Detail is provided as **Attachment D**.

Reserves

As an agency reliant upon external agencies and funding programs to fund its ongoing operating and capital needs, it has been critically important for WETA to create a pool of reserves to help ensure the ongoing viability and sustainability of its regional ferry system over time. Given that WETA's largest source of annual operating subsidy, RM2 bridge tolls, are managed by MTC on a use-it-or-lose-it basis, these funds are always utilized first in balancing WETA's annual operating needs and other more flexible funds have been used to accumulate reserves to support future operating and capital project needs.

The purpose of an operating reserve is to accumulate sufficient reserve funds necessary to guard against service disruptions in the event of an unexpected temporary revenue shortfall or unprecedented one-time expenses. WETA's target funding level for the operating reserve is to maintain a balance as of July 1 of each fiscal year equal to two months (or 17 percent) of the total annual operating budget. While no amount has ever been established for a capital reserve, WETA has generally relied upon having some money in reserves to help fund its ongoing capital program as projects come due.

Based upon the financial projection, current revenues are estimated to be sufficient to cover the projected operating and capital costs associated with maintaining WETA's current system of services and assets over the five-year period. Reserves are estimated to be \$33.2 million at the 3-year mark in the financial projection, exceeding WETA's operating reserve standard by approximately \$23.5 million. Reserves are estimated to be \$25.3 million at the 5-year mark in the financial projection, exceeding WETA's operating reserve standard by approximately \$15 million. Surplus reserves, along with any other new revenues that may be secured, may be used to support system expansion opportunities as further discussed in Item 9b.

END

Attachment A

Five-Year Financial Projection Baseline

	Year 1 FY2020-21	Year 2 FY2021-22	Year 3 FY2022-23	Year 4 FY2023-24	Year 5 FY2024-25	Total 5-Years
TOTAL EXPENSES	\$71,671,000	\$65,961,000	\$69,585,400	\$109,638,400	\$94,671,200	\$411,527,000
OPERATING EXPENSE	\$52,943,600	\$54,599,500	\$56,314,100	\$58,089,700	\$59,928,600	\$281,875,500
Planning & Administration	3,000,000	3,000,000	3,000,000	3,000,000	3,000,000	15,000,000
Ferry Service Operations	49,943,600	51,599,500	53,314,100	55,089,700	56,928,600	266,875,500
AOFS	15,165,171	15,670,861	16,194,498	16,736,758	17,298,346	81,065,634
AHBF	3,820,565	3,943,927	4,071,557	4,203,616	4,340,268	20,379,933
Vallejo	22,940,239	23,691,630	24,469,546	25,274,978	26,108,963	122,485,356
SSF	3,916,450	4,051,590	4,191,656	4,336,836	4,487,326	20,983,858
Richmond	4,101,214	4,241,496	4,386,876	4,537,548	4,693,715	21,960,849
CAPITAL EXPENSE	\$18,727,400	\$11,361,500	\$13,271,300	\$51,548,700	\$34,742,600	\$129,651,500
Terminals & Facilities Rehabilitation	530,500	4,231,600	1,191,500	2,023,600	3,952,900	11,930,100
Terminal Dredging		2,787,500	844,100		3,046,000	6,677,600
Vessel & Major Component Rehabilitation	5,666,400	3,796,000	10,672,900	17,645,100	27,146,700	64,927,100
Vessel Construction - Replacement	12,000,000			31,300,400		43,300,400
Capital Equipment	530,500	546,400	562,800	579,600	597,000	2,816,300
TOTAL REVENUES	\$71,671,000	\$65,961,000	\$69,585,400	\$109,638,400	\$94,671,200	\$411,527,000
Farebox Revenue	26,285,600	28,495,100	30,897,300	33,161,700	35,206,200	154,045,900
Farebox Recovery %	53%	55%	58%	60%	62%	58%
Bridge Tolls	24,830,200	23,893,400	23,245,400	23,975,000	23,767,000	119,711,000
Local Transportation Sales Tax	3,817,000	3,445,000	4,244,700	6,005,900	7,091,600	24,604,200
State Grant Revenues	1,982,300	945,100	1,415,300	6,954,600	3,439,200	14,736,500
Federal Capital Grant Revenues	13,840,400	8,652,100	8,903,000	39,156,300	24,154,200	94,706,000
Alameda Property Tax / Assessment	915,500	530,300	879,700	384,900	1,013,000	3,723,400
NET INCOME / (DEFICIT)	\$0	\$0	\$0	\$0	\$0	\$0
CARRYOVER FUND BALANCE	\$29,683,200	\$31,473,100	\$33,168,300	\$27,910,700	\$25,333,100	
Bridge Tolls: RM1 - 2% (Capital Only)	407,100	507,500	623,800	931,700	684,900	
Bridge Tolls: RM1 - 5% (Flex)	9,028,000	8,534,300	8,672,700	9,220,700	9,868,100	
Local Trans Tax: Alameda Measure B/BB	3,643,700	4,086,400	5,137,500	3,652,700	1,001,100	
Alameda Property Tax / Assessment	3,634,800	3,501,400	3,022,000	3,041,000	2,435,500	
State Transit Assistance	12,969,600	14,843,500	15,712,300	11,064,600	11,343,500	

General Assumption:

- Purchased Transportation cost, including vessel operations, vessel maintenance and contractor fees and profits, is projected to increase 4% annually.
- Fuel cost is projected to increase 2% annually.
- Assumes annual fare increase of 3%, continuation of Fare Program.
- Ridership is projected to increase at rates between 0% and 10%, depending on the maturity and occupancy capacity of each individual route.

Attachment B

WETA SERVICE OVERVIEW

WETA currently operates two all-day, all-week routes (Vallejo and Alameda/Oakland), three commute routes (Richmond, Harbor Bay and South San Francisco) and two special service routes (Oracle Park and Chase Center). The current service schedule requires 12 vessels in peak period operation, including Special Event services. The vessels not used in operation at any given time are either under repair, undergoing scheduled maintenance or available as back-up vessels to prevent service cancellation in the case of unforeseen mechanical issues.

Below is a brief description of current services as they are assumed to be continued through the five-year projection period.

Vallejo:

WETA currently offers 14-15 weekday roundtrips and 5-7 weekend roundtrips between Vallejo and San Francisco, depending on the season. Several off-peak trips extend service to Pier 41 in San Francisco. Multiple trips also begin or end at Mare Island. Most trips are scheduled as 60-minute transits, though some are scheduled at 70 minutes to allow limited use of propeller boats as back-ups on the Vallejo route. The service carried 1,056,341 passengers in FY 2018/2019, a 2.4 percent year-over-year increase. Service operating expense in FY 2018/19 was \$17.7 million, paid for with \$6.2 million in operating subsidies and \$11.5 million in fare revenues (65% farebox recovery).

Alameda/Oakland:

On its Alameda/Oakland route serving San Francisco, WETA currently offers 20 weekday westbound trips, 24 weekday eastbound trips, and 7-13 weekend roundtrips, depending on the season. Several off-peak trips extend service to Pier 41 in San Francisco. Peak commute trips prioritize Alameda passengers in terms of providing a shorter transit time. Off-peak and weekend trips largely prioritize Oakland passengers. The service carried 1,311,041 passengers in FY 2018/2019, a year-over-year increase of 5.6 percent. Service operating expense in FY 2018/19 was \$13.3 million, paid for with \$5.6 million in operating subsidies and \$7.7 million in fare revenues (58% farebox recovery).

Harbor Bay:

WETA currently operates five peak direction commute trips in the mornings and evenings, two morning reverse commute trips and three evening reverse commute trips, all on weekdays only. The service carried 332,283 passengers in FY 2018/2019, 7.1 percent higher than the previous fiscal year. Service operating expense in FY 2018/19 was \$3.6 million, paid for with \$2.0 million in operating subsidies and \$1.6 million in fare revenues (46% farebox recovery).

South San Francisco:

WETA currently operates three weekday morning commute trips from Alameda and Oakland to South San Francisco, and three weekday evening commute trips from South San Francisco back to Alameda and Oakland. The service carried 144,735 passengers in FY 2018/2019, 1.6 percent fewer than in the previous fiscal year. Service operating expense in FY 2018/19 was \$3.2 million, paid for with \$2.1 million in operating subsidies and \$1.1 million in fare revenues (33% farebox recovery).

Richmond:

WETA currently operates four peak direction commute trips and two reverse commute trips in the mornings and evenings on weekdays. This service launched in January 2019. A trial weekend service offering five roundtrips is scheduled to conclude on November 3, 2019. The service carried 84,575 passengers in FY 2018/2019 during the first 5 and a half months of service. Service operating expense in FY 2018/19 was \$1.72 million, paid for with \$1.24 million in operating subsidies and \$.48 million in fare revenues (28% farebox recovery).

Special Event Services:

WETA offers service to and from Oracle Park for Giants home games out of Vallejo, Alameda and Oakland. WETA will offer service to and from Pier 48½ for Warriors home games and select special events out of Alameda and Oakland through the 2020-21 NBA season. Per WETA policy, fares are priced to cover 100% of the cost of providing service.

ATTACHMENT C

CAPITAL PROGRAM COMPONENTS

WETA's capital program is broken into three major components including Vessels, Terminals and Facilities and Capital Equipment. Following is a brief description of the projects included in these categories and a summary of project expenses anticipated in the 5-year period.

VESSELS

The WETA fleet consists of four sub-fleets: large and small capacity vessels in Central Bay service, North Bay vessels capable of maintaining speeds of at least 30 knots and a new class of vessel that is midsized and capable of operating in both Central Bay and North Bay services. Considering the current fleet and vessel builds in process, the WETA fleet will reach 17 vessels by the end of the five-year period. The MV *Dorado* and the MV *Lyra* will join the fleet shortly after the New Year while the MV *Solano* will be forced to retire in December 2019 and there will likely be a two-year period before it is replaced. WETA anticipates continuing operating 12 vessels in peak service over the five-year period: four in Vallejo/North Bay service and eight in the Central Bay. There will consistently be four back-up vessels with two capable of operating at ample speed to make the Vallejo schedule.

Vessel Fleet Over Five-Year

No.	Vessel	Sub-fleet	Capacity	YR Built	Drive
1	Peralta	Central Bay Large Capacity	326	2002	Prop
2	Hydrus	Central Bay Large Capacity	400	2017	Prop
3	Cetus	Central Bay Large Capacity	400	2017	Prop
4	Argo	Central Bay Large Capacity	400	2017	Prop
5	Carina	Central Bay Large Capacity	400	2018	Prop
6	Bay Breeze*	Central Bay Small Capacity	250	1994	Prop
7	Gemini	Central Bay Small Capacity	225	2008	Prop
8	Pisces	Central Bay Small Capacity	225	2008	Prop
9	Scorpio	Central Bay Small Capacity	225	2009	Prop
10	Taurus	Central Bay Small Capacity	225	2009	Prop
11	Solano**	North Bay	320	2004	Jet
12	Intintoli	North Bay	349	1997	Jet
13	Mare Island	North Bay	330	1997	Jet
14	Pyxis	North Bay	445	2018	Jet
15	Vela	North Bay	445	2019	Jet
16	Lyra	North Bay	445	2020	Jet
17	Dorado	All Purpose Commuter	300	2020	Jet

*Bay Breeze replacement project is under development.

**Solano out of service January 2020. Replacement project is under development.

WETA vessels are built to have a 25-year life with regular maintenance, rehabilitation and care. WETA has identified vessel rehabilitation and replacement needs totaling \$108.2 million over the five-year period to maintain its fleet of vessels. These vessel projects are described below.

Vessel Rehabilitation

Vessel rehabilitation includes projects to provide periodic rehabilitation and replacement of ferry vessel components such as haul-outs, engines, generators, propulsion systems and other major components required to keep the vessels in service. The total estimated cost of vessel rehabilitation over the course of the next five years is approximately \$65 million. All vessel rehabilitation work is broken into two major categories for financial planning purposes, as described below.

- **Major Component Rehabilitation/Replacement:** Ferry vessels are required to undergo periodic haul-out and rehabilitation work to remain in working order over their 25-year lifespan. Major component rehabilitation/replacement life cycles can include propulsion systems, navigation systems, onboard monitoring and alarm systems, interior components and boarding apparatus. The need for this type of rehabilitation is often cyclical and can be planned. For example, engine overhauls are required every 7,000 to 27,000 hours of operation depending on the engine type. Other major component work, including rehabilitation/retrofit of passenger amenities, is determined by a preventative maintenance program and inspection process. Staff has identified \$18.5 million in major component rehabilitation/replacement work that will be needed over the five-year period to support WETA's current fleet.
- **Quarter-Life and Mid-Life Repower/Refurbishments:** A quarter-life repower/refurbishment is generally scheduled when a ferry reaches 6.5 and approximately 19 years of service life, and includes major dry-docking, overhauls to drive train running gear, passenger cabin refurbishment, HVAC and main engine overhaul work. A mid-life repower/refurbishment is scheduled when a ferry reaches 12.5 years of service life. Ferries are repowered at mid-life in order to provide for continued safe and reliable operation. This work generally includes replacement of major vessel systems, such as engines, electronics, propulsion systems and refurbishment of the passenger cabins, as well as sandblasting and repainting vessels. Equipment service hours and specific vessel needs may affect the timing of the repower/refurbishment projects. The total anticipated cost for these projects is \$46.5 million within the 5-year financial outlook period.

Vessel Replacement

Passenger ferry vessels are expected to have a useful life of 25 years. Vessel replacement is necessary when: 1) a vessel reaches the end of its useful life of 25 years or 2) when a vessel is nearing the end of its useful life and major component rehabilitation and replacement is no longer cost effective. WETA is currently in the process of replacing one vessel, the MV *Bay Breeze*, at a total cost of \$18.0 million and identifying options for replacing the MV *Solano* which must be removed from service prematurely in December 2019 due to CARB engine requirements. WETA anticipates initiating replacement of two additional vessels, including the MV *Intintoli* and the MV *Mare Island* over the five-year period at a cost of \$31.3 million as these vessels reach their 25-year mark.

TERMINALS AND FACILITIES

The WETA ferry system currently includes eight terminals, two maintenance facilities and one vessel mooring facility owned and maintained by WETA. Programmed rehabilitation and maintenance of these facilities is critical to ensure the facilities remain operable at all times. This program also ensures that major WETA facilities are prepared and ready to serve the Bay Area in the event of an emergency. Facility projects include maintenance and rehabilitation of floats and gangways, dredging and general terminals and facilities maintenance.

Floats and Gangways

Floats and gangways provide passenger access as well as facilities to moor WETA vessels when they are out of service. WETA plans for the periodic haul-out, inspection and repair of existing floats as a part of its capital program. Float and gangway facilities at Alameda Harbor Bay, Alameda Main Street, South San Francisco, Pier 9 and Oakland will require inspection and rehabilitation work over the five-year period at an estimated system-wide cost of \$10.2 million.

Dredging

The ferry basin requires periodic dredging to remove silt build-up that would otherwise prevent ferries from operating in this area. The timing of maintenance dredging depends on previous dredging depths and variable sedimentation rates. Two dredge cycles are planned at the Vallejo terminal and one at the Alameda Harbor Bay terminal over the five-year period at an estimated total cost of \$6.7 million.

Terminals and Facilities Maintenance

Terminals and facilities — including operations and maintenance facilities, terminal buildings, parking lots and shelters— require periodic rehabilitation and replacement work to support ongoing ferry operations. WETA anticipates the need to complete minor parking lot rehabilitation work at the Harbor Bay, Main Street and South San Francisco terminals during the five-year period. Additionally, staff is developing a minor modification to the North Bay Operations and Maintenance Facility to increase the urea tank and make plumbing improvements. The estimated cost of terminal and facility maintenance projects over the five-year period is approximately \$1.7 million.

CAPITAL EQUIPMENT

Capital Equipment allows for the routine purchase and replacement of capital maintenance equipment needed to service vessels at the North Bay and Central Bay Operations and Maintenance Facilities or WETA's terminal facilities. The estimated cost of capital equipment over the five-year period is \$2.8 million.

Attachment D

Capital Project Detail Five-Year Fiscal Outlook

	FY2020/21 Projected	FY2021/22 Projected	FY2022/23 Projected	FY2023/24 Projected	FY2024/25 Projected	TOTAL 5-Years	Funding Sources
TERMINALS & FACILITIES:	\$530,500	\$7,019,100	\$2,035,600	\$2,023,600	\$6,998,900	\$18,607,700	
North Bay Operations & Maintenance Facility							
Install Larger Urea Tank and Sewage Improvements	530,450					530,450	State
Facility Rehabilitation - Pier 9 Berths							
10-Year Passenger Float Dry Dock			1,191,508			1,191,508	State
Terminal Rehabilitation / Maintenance - Alameda Harbor Bay							
10-Year Passenger Float Dry Dock				2,023,589		2,023,589	Local
Terminal Dredging			844,133			844,133	Fed, Local
Grind and Re-Asphalt Parking Lot					869,776	869,776	Regional
Terminal Rehabilitation / Improvement - Alameda Main Street							
10-Year Passenger Float Dry Dock		3,323,219				3,323,219	Fed, Local
10-Year Slurry Seal of Officer's Club Parking Lot					187,146	187,146	Local
Terminal Rehabilitation / Improvement - Oakland (JLS)							
10-Year Passenger Float Dry Dock					2,736,390	2,736,390	Local
Terminal Rehabilitation / Improvement - South San Francisco							
10-Year Passenger Float Dry Dock		908,447				908,447	Fed, Bridge Tolls
10-Year Slurry Seal Parking Lot					159,611	159,611	State
Terminal Rehabilitation / Improvement - Vallejo:							
Terminal Dredging		2,787,478			3,046,022	5,833,500	Fed, State
VESSELS:	\$17,666,400	\$3,796,000	\$10,672,900	\$48,945,500	\$27,146,700	\$108,227,500	
MV Gemini							
Vessel Mid-Life Refurbishment			5,179,254			5,179,254	Fed, Local
MV Pisces							
Engine Major and Gearbox Overhaul	525,146					525,146	Fed, Local
Engine Major Overhaul				399,950		399,950	Fed, Local
Vessel Mid-Life Refurbishment				4,760,897		4,760,897	Fed, Local
MV Taurus							
Engine Major and Gearbox Overhaul			557,127			557,127	Fed, Local
Vessel Mid-Life Refurbishment					4,903,615	4,903,615	Fed, Local
MV Scorpio							
Engine Major and Gearbox Overhaul			557,127			557,127	Fed, Local
MV Hydrus							
Engine Half-Life Overhaul	419,056					419,056	Fed, Local
Engine Quarter-Life Overhaul - Hydrus		131,127				131,127	Fed, Local
Vessel Quarter-Life Refurbishment			2,251,018			2,251,018	Fed, Local
Engine Major and Gearbox Overhaul				1,405,040		1,405,040	Fed, Local

Attachment D

Capital Project Detail Five-Year Fiscal Outlook

	FY2020/21 Projected	FY2021/22 Projected	FY2022/23 Projected	FY2023/24 Projected	FY2024/25 Projected	TOTAL 5-Years	Funding Sources
MV Cetus							
Engine Quarter-Life Overhaul	419,056		135,061			554,117	Fed, Local
Engine Major and Gearbox Overhaul				1,405,040		1,405,040	Fed, Local
Vessel Quarter-Life Refurbishment					2,388,105	2,388,105	Fed, Local
MV Argo							
Engine Quarter-Life Overhaul			135,061			135,061	Fed, Bridge Tolls
Engine Half-Life Overhaul		431,627				431,627	Fed, Local
Vessel Quarter-Life Refurbishment				2,318,548		2,318,548	Fed, State
Engine Major and Gearbox Overhaul					1,447,191	1,447,191	Fed, State
MV Carina							
Engine Quarter-Life Overhaul				139,113		139,113	Fed, Local
Engine Half-Life Overhaul		431,627				431,627	Fed, Local
Vessel Quarter-Life Refurbishment					3,835,296	3,835,296	Fed, State
MV Bay Breeze							
Construct Replacement Vessel - <i>project completion</i>	12,000,000					12,000,000	Fed, State, Local
Engine Major Overhaul	366,011		388,301			754,312	Local
MV Peralta							
Vessel Quarter-Life Refurbishment					1,105,394	1,105,394	Fed, Local
Engine Major and Gearbox Overhaul		1,089,285				1,089,285	Fed, Local
MV Intintoli							
Engine Quarter-Life Overhaul	127,308		135,061			262,369	Fed, Bridge Tolls
Engine Half-Life Overhaul		355,136				355,136	Fed, Bridge Tolls
Construct Replacement Vessel				15,650,200		15,650,200	Fed, State
MV Mare Island							
Engine Quarter-Life Overhaul		131,127				131,127	Fed, Bridge Tolls
Engine Half-Life Overhaul			365,790			365,790	Fed, Bridge Tolls
Construct Replacement Vessel				15,650,200		15,650,200	Fed, State
MV Solano							
Vessel Rebuild	2,854,000					2,854,000	Fed, Bridge Tolls
Engine Quarter-Life Overhaul		185,764		197,077		382,841	Fed, Bridge Tolls
Engine Half-Life Overhaul			440,074			440,074	Fed, Bridge Tolls
Engine Major and Gearbox Overhaul					1,934,365	1,934,365	Fed, Bridge Tolls
MV Pyxis							
Engine Quarter-Life Overhaul		185,764			202,989	388,753	Fed, Bridge Tolls
Engine Half-Life Overhaul	595,165					595,165	Fed, Bridge Tolls
Vessel Quarter-Life Refurbishment				4,776,209		4,776,209	Fed, Bridge Tolls

Attachment D

Capital Project Detail Five-Year Fiscal Outlook

	FY2020/21 Projected	FY2021/22 Projected	FY2022/23 Projected	FY2023/24 Projected	FY2024/25 Projected	TOTAL 5-Years	Funding Sources
MV Vela							
Engine Quarter-Life Overhaul	180,353		191,336			371,689	Fed, Bridge Tolls
Engine Half-Life Overhaul		427,256				427,256	Fed, State
Vessel Quarter-Life Refurbishment					2,985,131	2,985,131	Fed, State
Engine Major and Gearbox Overhaul				1,878,024		1,878,024	Fed, Bridge Tolls
MV Lyra							
Engine Quarter-Life Overhaul	180,353		191,336			371,689	Fed, Bridge Tolls
Engine Half-Life Overhaul		427,256				427,256	Fed, State
Vessel Quarter-Life Refurbishment					4,919,495	4,919,495	Fed, State
MV Dorado							
Engine Quarter-Life Overhaul			146,316			146,316	Fed, Bridge Tolls
Engine Half-Life Overhaul				365,171		365,171	Fed, Bridge Tolls
Vessel Quarter-Life Refurbishment					2,020,934	2,020,934	Fed, State
CAPITAL EQUIPMENT	530,500	546,400	562,800	579,600	597,000	2,816,200	
Capital Equipment Purchase/Replacement	530,450	546,364	562,754	579,637	597,026	2,816,231	Bridge Tolls
TOTAL CAPITAL COSTS	\$18,727,400	\$11,361,500	\$13,271,300	\$51,548,700	\$34,742,600	\$129,651,500	

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Planning & Development Manager
Keith Stahnke, Operations & Maintenance Manager
Lynne Yu, Finance & Administration Manager

SUBJECT: System Expansion Opportunities

Discussion

This item discusses four system expansion opportunities for the Board's consideration. Three are service expansion opportunities, which are all tied to projects that have navigated the planning and permitting process and are either in construction or at the Final Design stage and ready to enter construction. One is an opportunity to lean forward to begin the build process for an additional vessel for future use. The projects are:

- Seaplane Lagoon (Alameda)
- Mission Bay (San Francisco)
- Treasure Island (San Francisco)
- Fleet Expansion (general)

As discussed in item 9a, based upon the five-year financial projection, even without RM3 funds, WETA anticipates having some financial capacity to apply towards moving projects forward to continue the momentum we have started in planning and building out the WETA system. While the reserves available are insufficient to fund all potential projects, with additional new grant funds, matching funds or other subsidies they could be used to support efforts to lean forward in the next three to five years while RM3 funds are held-up.

This item is intended to start the conversation regarding WETA Board priorities for staff time and resources that can be applied to projects outside of WETA's current operating program. Staff will use feedback from the Board of Directors to continue to develop the project opportunities that the Board expresses interest in pursuing and develop funding strategies to support this effort.

Project 1: Seaplane Lagoon

The Seaplane Lagoon Ferry Terminal is currently under construction at the former Naval Air Station Alameda. It is on track to be completed and ready for operations in the summer of 2020. WETA staff is currently analyzing potential service options to introduce ferry service at Seaplane Lagoon including a three-trip peak period service partially drawing from existing resources and services, a four-trip peak period service utilizing a dedicated vessel and crews and a 6-trip service created by restructuring of the Alameda/Oakland service to shift the peak period Alameda trips to Seaplane (the ultimate plan contemplated with new RM3 funds). This work is ongoing. As a part of this effort, WETA staff is scheduled to begin a public engagement process

with Alameda and Oakland ferry passengers in the second week of October to get feedback on current pain points and service needs.

The Alameda and Oakland service is currently experiencing maximum capacity on a regular basis during some peak commute departures. One strategy WETA staff is analyzing (the ultimate plan) would functionally shift peak Alameda commute service from the current Main Street Alameda terminal to Seaplane Lagoon, decoupling the commute-time Alameda and Oakland services. This strategy would potentially increase peak capacity in the Alameda and Oakland corridors by an estimated 50 percent, based on current projections, without the need to acquire more ferries.

While the public engagement process will provide further information on potential ridership benefits, staff expects that many Alameda ferry riders would also save time getting to the ferry terminal given planned bicycle and transit infrastructure around the project. Under this arrangement, the Main Street Alameda terminal would remain the Alameda hub for off-peak and weekend service, Giants and Warriors service and the South San Francisco route.

Capital Cost:

Terminal - \$2 million (already allocated).

Vessels – All service options under review can be operated with WETA's existing fleet.

Operating Cost:

Preliminarily, annual net new operating cost is estimated to be between \$1.8 and \$3.2 million beginning in FY 2020/21, depending upon the service configuration and level of service provided.

Project 2: Mission Bay

Mission Bay ferry service is envisioned to begin as a commute-only service linking all WETA routes arriving at or departing from the Downtown San Francisco Ferry Terminal to the Mission Bay Ferry Landing. Commuters from Vallejo, Richmond, Alameda, Oakland and Harbor Bay would take a ferry to Downtown S.F. on our existing routes and transfer to a Mission Bay-bound ferry. In addition, special events at Chase Center will be served directly from as many as three origin points in the WETA system.

Based on the Small Vessel Study analysis, WETA is intending that Mission Bay will be served by small vessels initially with the option of adding frequency through additional small vessels or increasing capacity through larger vessels as demand increases. Provided that sufficient funding can be made available, the Port of San Francisco has a goal of completing construction of the permanent Mission Bay Ferry Terminal in late 2021.

The Mission Bay Ferry Landing project is currently estimated to cost \$45.7 million with \$20.7 million in funding already identified, leaving a \$25 million funding gap. The Port of San Francisco has requested that WETA provide RM3 capital funds toward this funding gap. In addition, WETA will need to purchase two small vessels to initiate commute-period service. Small vessels are currently assumed to cost \$3.5 million each. The Mission Bay service is anticipated to require a single vessel to begin operations and a spare vessel would be shared with the Treasure Island service, if that service is developed. As a result, the cost assumption is \$5.25 million for vessels – a single vessel plus half the cost of a shared spare.

Capital Cost:

Terminal - \$25 million future RM3 – Port may request a Letter of No Prejudice to advance construction with other funds if WETA will commit to providing reimbursement with RM3 once funds are available.

Vessels – \$5.25 million.

Operating Cost:

Preliminarily, annual net new operating cost is estimated to be \$1.3 million beginning in FY 2022/23.

Project 3: Treasure Island

The San Francisco County Transportation Authority (SFCTA), through its Treasure Island entity the Treasure Island Mobility Management Agency (TIMMA), is responsible for transportation on and to Treasure Island including the funding and contracting for ferry services. As the Board heard from TIMMA staff in April 2019, there is currently a goal of introducing ferry service earlier than originally anticipated in order to serve the existing residents of the island. TIMMA is currently conducting an analysis to determine how revenues generated by a developer contribution, tolls, fares and parking fees will pay for the transportation improvements that are expected as the island develops. The Treasure Island Ferry Terminal is currently under construction and is anticipated to be completed in late 2021.

Staff has assumed Treasure Island ferry service will be operated initially utilizing a small vessel in the peak periods. This is consistent with the concept service plan developed as part of WETA's Small Vessel Study and initial conversations with SFCTA staff. WETA staff has assumed a July 2022 start date for the Treasure Island service. The Treasure Island service is anticipated to require a single vessel to begin operations and a spare vessel would be shared with the Mission Bay service. As a result, the cost assumption is \$5.25 million for vessels – a single vessel plus half the cost of a shared spare. The annual operating cost of the Treasure Island service is estimated to be \$1.6 million in FY 2022/23. Fare revenue will partially offset this expense. Updated ridership estimates are currently being developed by TIMMA and have not been finalized.

Treasure Island ferry service capital and operating costs have long been assumed to be the responsibility of TIMMA, using revenues generated by fares, tolls, parking fees and developer contributions. The 2016 WETA Strategic Plan assumes Treasure Island as a no-cost terminal and service, which has been consistent with regional planning efforts such as Plan Bay Area 2040 and 2050. However, WETA may be able to partner with SFCTA to seek grant funds to pay for vessel construction.

Capital Cost:

Terminal – The terminal is being funded and constructed by the developer.

Vessels – \$5.25 million.

Operating Cost:

Preliminarily, the annual operating cost is estimated to be \$1.6 million beginning in FY 2022/23, which would be offset by fare revenue.

Project 4: Fleet Expansion

In FY2018/19, the Board authorized the Executive Director to enter an agreement with Mavrik Marine to build a high-speed 300-passenger vessel with an option for a second ferry. The first vessel, Dorado, is under construction and expected to be delivered in 2020. The option on the second vessel has not been executed.

WETA could exercise the option for a second Dorado-class ferry and use a combination of proceeds from the sale of retired vessels, surplus Proposition 1B funding and existing reserves to fund the project. While there is no pressing service need for the vessel today, having the additional vessel moving forward in the construction process now could allow WETA to lean forward quickly should new funds or service opportunities or demands arise.

Capital Cost:

Vessels – \$15 million