

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, November 7, 2019 at 1:00 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. RECESS INTO CLOSED SESSION ***Timed Item***
1:00 p.m.
 - a. Public Employee Performance Evaluation; Conference with Labor Negotiator
(Designated Representative: Chair Breckenridge)
Pursuant to Government Code Sections 54957, 54957.6
Position: Executive Director
3. REPORT OF ACTIVITY IN CLOSED SESSION
Chair will report any action taken in closed session that is subject to reporting at this time.
4. OPEN SESSION ***1:30 p.m.***
5. PLEDGE OF ALLEGIANCE/ROLL CALL
6. REPORT OF BOARD CHAIR ***Action***
 - a. Consideration of actions to approve Board policies related to the Executive Director position.
 - b. Consideration of action pertaining to the Executive Director employment agreement.
7. REPORTS OF DIRECTORS ***Information***

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

**Water Emergency Transportation Authority
November 7, 2019 Meeting of the Board of Directors**

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| 8. <u>REPORTS OF STAFF</u> | Information |
| a. Executive Director's Report on Agency Projects, Activities and Services | |
| b. Monthly Review of Financial Statements | |
| c. Legislative Update | |
| 9. <u>CONSENT CALENDAR</u> | Action |
| a. Board Meeting Minutes – October 3, 2019 | |
| 10. <u>APPROVE BOARD OF DIRECTORS MEETING SCHEDULE FOR CALENDAR YEAR 2020</u> | Action |
| 11. <u>SHORT RANGE TRANSIT PLAN UPDATE</u> | Information |
| 12. <u>SYSTEM EXPANSION OPPORTUNITIES DISCUSSION</u> | Information |
| 13. <u>PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u> | |

ADJOURNMENT

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

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

Non-Agenda Items: A 15-minute period of public comment for non-agenda items will be held at the end of the meeting. Please indicate on your speaker card that you wish to speak on a non-agenda item. No action can be taken on any matter raised during the public comment period.

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

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

M E M O R A N D U M

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: November 7, 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 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 March 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 approved a contract award to Glostren for Construction Management Services to support vessel construction. On October 4, 2018, the Board approved award a contract award to Mavrik Marine, Inc. for vessel construction.

Keel laying and construction commenced on December 18, 2018. The superstructure welding milestone is complete, with all major structures in place. Starboard hull plating is underway. The port hull will 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) resources can be spread to 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.

Ron Cowan Central Bay Operations and Maintenance Facility

WETA was recently awarded LEED Gold certification from the U.S. Green Building Council (USGBC) for the Central Bay Operations and Maintenance Facility. LEED Gold is the second highest LEED certification available. The project scored 62 out of 100 points. Most points were obtained in the following LEED New Construction categories: Sustainable Sites, Water Efficiency, Energy & Atmosphere, Indoor Environmental Quality, Innovation and Regional Priority.

Richmond Ferry Terminal Project

WETA's design firm and construction contractor for the Richmond Ferry Terminal recently received awards for their work on the project. Marcy Wong Donn Logan Architects received the American Architecture Award for 2019 from the Chicago Athenaeum: Museum of Architecture and Design and The European Centre for Architecture Art Design and Urban Studies. Manson Construction Company won a 2019 Best Projects Award of Merit from Engineering News-Record in the Specialty Construction category.

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 began special event service to a new temporary terminal located at Pier 48 ½ on October 5, 2019. WETA worked with the Port of San Francisco, the Golden Gate Bridge, Highway and Transportation District (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 utilizes WETA's spare float, which is normally located on Mare Island. The float will 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 Board approved contract award to CS Marine for marine services at the July 2019 Board meeting. The Port of San Francisco and WETA have executed a lease for the new facility and a MOU and landing agreement that also includes Golden Gate Ferry.

Oakland Athletics Howard Terminal Stadium Proposal

WETA staff has met on a few occasions with the Oakland Athletics organization (Athletics) 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. The Athletics are currently assuming that existing commute-period ferry service will be sufficient to satisfy demand from San Francisco.

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 Board 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 took 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. This project is discussed in more detail as a part of the System Expansion Opportunities item on the November meeting agenda.

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 and 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 are developing a project MOU for future Board consideration that defines agency roles and responsibilities for working together to advance the feasibility study and potential future 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 the 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 met 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.

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. In the meantime, the developer began construction of the ferry terminal in early September. WETA met with SFCTA and Treasure Island development staff to receive an update on the project development and timeline on October 15. This project is discussed in more detail as a part of the System Expansion Opportunities item on the November meeting agenda.

Tideline Marine Group Private Shuttle Pilot

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 roundtrip 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 at 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 met 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. Last month, staff presented a set of preliminary goals and objectives for the renewal of WETA's fare program at the Board meeting. Staff anticipates presenting a proposed fare program to the Board in February alongside a request to initiate public outreach efforts.

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. Staff work to support development of the framework for the potential future measure and inclusion of WETA's program is ongoing.

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 attended the Defense Support of Civilian Authorities (DSCA) Full Scale Exercise on Monday October 7, which focused on the requirements for identification of priority routes and the logistical support needed to reopen those routes in relation to debris management. Ferry terminals were included in the priority routes identified by San Francisco Department of Emergency Management. The San Francisco Bay Area Port Recovery Plan was one of the region's emergency response efforts highlighted during the exercise.
- Staff included some funds in the FY 2019/20 operating budget to work with Blue & Gold Fleet to conduct additional crew training on deployment of life saving equipment above and beyond United States Coast Guard (USCG) required training. This will ensure crews get hands-on training and experience in deploying the life-saving equipment (Inflatable Buoyant Apparatuses and slides) that are on all WETA vessels in a safe and controlled environment. This training is anticipated to be complete by early 2020.
- On October 16, WETA and Blue & Gold Fleet hosted an underway security drill with United States Coast Guard Vessel Traffic Service, San Francisco Marine Unit, San Francisco Swat/Tactical, Marine Tactical Unit practicing procedures for active shooter, suspicious package and hostage situations.

OPERATIONS REPORT

High Wind Weather Event and PG&E Public Safety Power Shut-Off

The high-wind weather event on Sunday October 27 caused impacts to San Francisco Bay Ferry service including the cancellation of the 11:30 a.m. Vallejo to San Francisco departure, the 12:45 San Francisco to Vallejo departure and all ferry service out of Pier 41. Due to PG&E's Public Safety Power Shut-off (PSPS), there was no power at the Vallejo Ferry Terminal Building on Sunday October 27, Monday October 28 and Tuesday October 29. Tickets were sold onboard the vessel and crews used handheld Clipper card readers for Clipper fare collection. As a result, Vallejo service experienced minimal delays on October 28 and was fully operational. On October 29, a portable generator was used to supply power to lighting and stationary Clipper readers on the float with no service delays. On October 30 power was restored. During the outage, staff worked with the California Office of Emergency Services (Cal OES) to provide status updates on ferry service due to the PSPS. Consistent with our coordination role during emergencies, WETA also worked with Cal OES to facilitate getting a generator to power the ramp at Golden Gate Ferry's Tiburon dock.

Increased Ridership during 10/22/19 BART Transbay Tube Closure

On Tuesday October 22, shortly after 5:00 p.m., the BART Transbay Tube was shut down in both directions due to a debris fire. During the closure, WETA experienced a 38% increase in ridership (approximately 1,474 additional riders) on the Central Bay evening commute compared to the same day of the prior week. Notably, the 5:20 p.m., 5:40 p.m., 6:05 p.m., and 6:30 p.m. departures from the Ferry Building to Alameda and Oakland maxed out, as did the 5:35 p.m. departure from the Ferry Building to Harbor Bay. The 6:40 p.m. departure from the Ferry Building to Richmond carried 213 passengers compared to 93 on the same day of the prior week. On the reverse commute, the 5:55 p.m. departure from Oakland to San Francisco carried 325 passengers compared to 12 passengers on the same day of the prior week. All four of WETA's 400-passenger capacity vessels were online during the closure and were able to accommodate ridership demand by approximately 7:00 p.m. As a contingency, a 400-passenger vessel was available at 8:00 p.m. to provide additional service if needed.

Winter Schedule Changes

Seasonal service changes to the Alameda/Oakland, Richmond and Vallejo ferry services took effect on November 4, 2019. The winter schedules primarily decrease the weekend service for Alameda/Oakland and Vallejo during the lower-ridership wet winter months. The Richmond summer weekend service pilot program ended on November 3 with plans to determine whether to continue this summer 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

Fleet Week weekend activities on October 12 and 13 brought big crowds to the San Francisco waterfront. Total weekend ridership was 22,718 passengers, including 14,359 passengers in Alameda/Oakland service, 6,553 passengers in Vallejo service and 1,806 passengers in Richmond service.

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

KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH

On October 5, WETA hosted free ferry tours of the Mare Island Strait as a part of the Vallejo Waterfront Weekend. Approximately 500 local residents took a 40-minute ferry tour with local historians on board to educate passengers on stories from Vallejo and Mare Island's waterfront past.

On October 7, Nina Rannells presented an overview of WETA's Hovercraft Study to the Bay Area Council's Water Transit Subcommittee in Foster City.

On October 7, Lauren Gularte attended the San Francisco Fleet Week Defense Support of Civilian Authorities (DSCA) Full Scale Exercise.

On October 9, Lauren Gularte attended the San Francisco Fleet Week Senior Leaders Seminar.

On October 10, Nina Rannells and WETA staff hosted the North Bay Transportation Officials quarterly meeting at the North Bay Operations and Maintenance Facility on Mare Island.

On October 11, Lauren Gularte attended the Regional Business Outreach Committee's monthly meeting.

On October 15, Nina Rannells and senior WETA staff hosted Secretary David Kim of the California State Transportation Agency in San Francisco. Secretary Kim was informed about WETA's background, role and vision and taken on a ferry tour of the Downtown San Francisco Ferry Terminal expansion project.

On October 16, Thomas Hall participated in the monthly meeting of the Visit Vallejo Board of Directors.

On October 16, Kevin Connolly attended the Alameda Interagency Liaison Committee meeting with staff and elected officials from the City of Alameda and AC Transit.

On October 16, Lauren Gularte attended the MTC Partnership Legislative Committee meeting.

On October 17, Thomas Hall participated in KCBS Radio's live broadcast commemorating the 30-year anniversary of the Loma Prieta earthquake in order to highlight WETA's readiness to respond to future earthquakes or other emergencies.

On October 23, Thomas Hall hosted a table at the Salesforce Employee Transportation Fair in San Francisco to educate passengers on ferry service and take feedback as a part of WETA's public engagement process on Seaplane Lagoon.

On October 25, Kevin Connolly attended the Bay Area Partnership Board meeting in San Francisco.

On October 29-30, Nina Rannells and WETA staff attended the Passenger Vessel Association regional fall conference in Incline Village, which included a conversation with CARB and California ferry operators on CARB's development of potential new harbor craft emissions regulations.

On November 3-5, Nina Rannells participated in a Bay Planning Coalition Board Member Strategic Planning workshop in Monterey.

On November 5, Lauren Gularte attended the Business Outreach Committee's (BOC) "Meet the Primes" networking event linking small and disadvantaged businesses with prime contractors currently under contract with BOC member agencies.

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 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. On October 9, 2019, appellants' unopposed motion to consolidate the two cases was granted. Appellants' consolidated opening brief was filed on October 29, 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.

Prop SF CPUC Filing

On October 11, WETA filed a response to an application by Prop SF, LLC to amend its certificate of public convenience and necessity (CPCN) to allow Prop SF to add unscheduled, prearranged vessel common carrier service between points in San Francisco, Marin, the Peninsula and the East Bay, establish rates therefore, and a zone of rate freedom ("ZORF") of 20% for both scheduled and unscheduled services. By way of background, in 2016, Prop SF obtained a CPCN from the California Public Utilities Commission (CPUC) to provide scheduled vessel common carrier service for service routes between San Francisco, Emeryville, Berkeley and Redwood City. At the same time, another operator, Tideline Marine Group (Tideline), obtained a CPCN to provide vessel common carrier authority for both scheduled (landings in San Francisco, Berkeley and Emeryville) and unscheduled, on-call "water taxi" service (landings in San Francisco, Marin County and the East Bay). WETA filed a response to the applications, stating its position that private operators can contribute to the development of a better water transportation system, but regulation is necessary to ensure that the private operators do not interfere with WETA's operations.

Prop SF seeks to amend its 2016 CPCN to add authorization to provide prearranged, unscheduled vessel common carrier service, which it characterizes as similar to the authority granted to Tideline in 2016. WETA's response reiterated the position expressed in the previous proceeding that while small scale water taxi operations have limited potential to affect WETA's operations, the potential for disruption to WETA's operations grows as water taxi service increases in scale. WETA's response requests that the CPUC consider further environmental review and analysis of unscheduled, prearranged service as the scope and frequency of such service intensifies, and to consider further definition of, or parameters for, unscheduled, prearranged service by private operators as to avoid interference with WETA's operations. WETA's response also recaps WETA's statutory mandate to plan, operate and manage a comprehensive water transportation system in the San Francisco Bay and WETA's interest in a regulatory approach that is consistent with that mandate. Prop SF has replied to WETA's response asserting that no further CEQA review should be required at any point, that its proposed service will not affect WETA's operations and proposes a broad definition of unscheduled, prearranged service.

The CPUC will consider the filings and determine whether a hearing is necessary, and if so, on what issues. If so, WETA will have the opportunity to file additional pleadings. The CPUC will likely take at least 45-60 days to make a determination. Staff will continue to monitor this proceeding and applications to operate similar service consistent with prior Board direction.

END

Attachment A

Monthly Operating Statistics Report September 2019

			Alameda/ Oakland	Harbor Bay *	Richmond	South San Francisco	Vallejo	Systemwide
Boardings	vs. last month	Total Passengers September 2019	130,430	29,607	20,988	12,580	99,219	292,824
		Total Passengers August 2019	153,228	31,229	23,978	13,224	110,655	332,314
		Percent change	-14.88%	-5.19%	-12.47%	-4.87%	-10.33%	-11.88%
	vs. same month last year	Total Passengers September 2019	130,430	29,607	20,988	12,580	99,219	292,824
		Total Passengers September 2018	130,350	28,153	20,988	11,778	96,916	267,197
		Percent change	0.06%	5.16%	0.00%	6.81%	2.38%	9.59%
	vs. prior FY to date	Total Passengers Current FY To Date	435,811	92,432	62,419	38,266	323,261	952,189
		Total Passengers Last FY To Date	430,010	89,994	62,419	36,994	319,607	876,605
		Percent change	1.35%	2.71%	0.00%	3.44%	1.14%	8.62%
			Avg Weekday Ridership September 2019	4,552	1,480	799	629	4,335
Ops Stats		Passengers Per Hour September 2019	172	175	84	140	130	144
		Revenue Hours September 2019	757	169	250	90	764	2,030
		Revenue Miles September 2019	8,303	2,898	3,570	1,642	20,939	37,352
		Farebox Recovery Year-To-Date	73%	49%	34%	40%	72%	64%
		Cost per Available Seat Mile - September 2019	\$0.35	\$0.39	\$0.40	\$0.63	\$0.20	\$0.27
		Average peak hour utilization, AM - September 2019	66%	60%	38%	55%	71%	58%
		Average peak hour utilization, PM - September 2019	74%	56%	44%	62%	79%	63%
Fuel		Fuel Used (gallons) - September 2019	73,664	20,042	17,405	14,809	171,175	297,095
		Avg Cost per gallon - September 2019	\$2.63	\$2.63	\$2.63	\$2.63	\$2.55	\$2.59

* Includes Harbor Bay-South San Francisco pilot. September ridership: 43 boardings.

MEMORANDUM

TO: Board Members

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

**SUBJECT: Monthly Review of FY 2019/20 Financial Statements for Three Months
Ending September 30, 2019**

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2019/20 Financial Statements for three months ending September 30, 2019.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenues	\$4,506,990	\$6,130,000	\$6,998,981
Bridge Toll Revenues	2,275,359	5,535,575	3,601,389
Contra Costa Measure J	-	827,050	745,105
Other Revenues	3,850	182,850	14,916
Total Operating Revenues	\$6,786,199	\$12,675,475	\$11,360,391
Expenses - Year To Date:			
Planning & Administration	\$314,539	\$750,000	\$487,022
Ferry Services	6,471,660	11,925,475	10,873,369
Total Operatings Expenses	\$6,786,199	\$12,675,475	\$11,360,391
System-Wide Farebox Recovery %	70%	51%	64%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2019/20 Budget
Revenues:		
Federal Funds	\$7,250,401	
State Funds	3,028,564	
Bridge Toll Revenues	1,458,109	
Other Revenues	94,432	
Total Capital Revenues	\$11,831,506	15.81%
Expenses:		
Total Capital Expenses	\$11,831,506	15.81%

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 Three Months Ending 9/30/2019

% of Year Elapsed 25%

	Sep-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	\$123,691	\$191,680	\$377,225	\$350,568	\$1,508,900	23.2%
Services	128,710	143,428	442,225	263,392	1,768,900	14.9%
Materials and Supplies	624	492	15,600	1,579	62,400	2.5%
Utilities	5,213	6,851	12,875	9,655	51,500	18.7%
Insurance	-	1,200	7,150	1,046	28,600	3.7%
Miscellaneous	8,373	17,269	27,400	11,093	109,600	10.1%
Leases and Rentals	32,425	62,385	96,300	96,484	385,200	25.0%
Admin Overhead Expense Transfer	(95,483)	(108,766)	(228,775)	(246,796)	(915,100)	27.0%
Sub-Total Planning & Gen Admin	\$203,552	\$314,539	\$750,000	\$487,022	\$3,000,000	16.2%
<u>FERRY OPERATIONS:</u>						
<u>Harbor Bay FerryService (AHBF)</u>						
Purchased Transportation	\$173,664	\$369,811	\$632,475	\$541,482	\$2,529,900	21.4%
Fuel - Diesel & Urea	49,657	84,321	139,125	146,148	556,500	26.3%
Other Direct Operating Expenses	45,637	88,809	197,250	129,849	789,000	16.5%
Admin Overhead Expense Transfer	10,504	13,316	25,225	27,156	100,900	26.9%
Total Harbor Bay Farebox Recovery - AHBF	\$279,462	\$556,257	\$994,075	\$844,635	\$3,976,300	21.2%
	44%	53%	45%	49%	45%	
<u>Alameda/Oakland Ferry Service (AOFS)</u>						
Purchased Transportation	\$740,992	\$1,488,027	\$2,397,125	\$2,292,423	\$9,588,500	23.9%
Fuel - Diesel & Urea	182,279	326,873	539,550	539,001	2,158,200	25.0%
Other Direct Operating Expenses	186,903	331,251	690,025	461,952	2,760,100	16.7%
Admin Overhead Expense Transfer	42,787	48,909	102,400	110,593	409,600	27.0%
Total Alameda/Oakland Farebox Recovery - AOFS	\$1,152,961	\$2,195,060	\$3,729,100	\$3,403,969	\$14,916,400	22.8%
	64%	76%	57%	73%	57%	
<u>Vallejo FerryService (Vallejo)</u>						
Purchased Transportation	\$1,001,306	\$1,950,250	\$2,966,950	\$2,866,127	\$11,867,800	24.2%
Fuel - Diesel & Urea	437,107	898,155	1,583,150	1,364,718	6,332,600	21.6%
Other Direct Operating Expenses	163,188	247,896	614,100	450,661	2,456,400	18.3%
Admin Overhead Expense Transfer	32,281	40,560	77,300	83,447	309,200	27.0%
Total Vallejo Farebox Recovery - Vallejo	\$1,633,882	\$3,136,861	\$5,241,500	\$4,764,953	\$20,966,000	22.7%
	63%	76%	57%	72%	57%	
<u>South San Francisco FerryService (SSF)</u>						
Purchased Transportation	\$162,322	\$437,627	\$601,475	\$520,001	\$2,405,900	21.6%
Fuel - Diesel & Urea	34,318	72,204	111,825	105,835	447,300	23.7%
Other Direct Operating Expenses	31,081	67,670	123,925	98,679	495,700	19.9%
Admin Overhead Expense Transfer	4,584	5,981	10,925	11,862	43,700	27.1%
Total South San Francisco Farebox Recovery - SSF	\$232,305	\$583,481	\$848,150	\$736,376	\$3,392,600	21.7%
	41%	27%	35%	40%	35%	
<u>Richmond FerryService (Richmond)</u>						
Purchased Transportation	\$275,218		\$852,200	\$878,713	\$3,408,800	25.8%
Fuel - Diesel & Urea	43,071		138,100	127,248	552,400	23.0%
Other Direct Operating Expenses	34,276		109,425	103,735	437,700	23.7%
Admin Overhead Expense Transfer	5,327		12,925	13,738	51,700	26.6%
Total Richmond Farebox Recovery - Richmond	\$357,892	\$0	\$1,112,650	\$1,123,435	\$4,450,600	25.2%
	36%	0%	26%	34%	26%	
Sub-Total Ferry Operations	\$3,656,501	\$6,471,660	\$11,925,475	\$10,873,369	\$47,701,900	22.8%
Farebox Recovery - Systemwide	58%	70%	51%	64%	51%	
Total Operating Expenses	\$3,860,053	\$6,786,199	\$12,675,475	\$11,360,391	\$50,701,900	22.4%
OPERATING REVENUES						
Fare Revenue	\$2,109,278	\$4,506,990	\$6,130,000	\$6,998,981	\$24,520,000	28.5%
Regional - Bridge Toll	1,515,894	2,275,359	5,535,575	3,601,389	22,142,300	16.3%
Regional - Contra Costa Measure J	229,191	-	827,050	745,105	3,308,200	22.5%
Regional - Alameda Tax & Assessment	-	-	182,000	-	728,000	0.0%
Other Revenue	5,690	3,850	850	14,916	3,400	0.0%
Total Operating Revenues	\$3,860,053	\$6,786,199	\$12,675,475	\$11,360,391	\$50,701,900	22.4%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2019/20 Statement of Revenues and Expenses
For Three Months Ending 9/30/2019

Project Description	Sep-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:							
FACILITIES:							
Terminal Construction							
Downtown Ferry Terminal Expansion - South Basin	\$2,875,366	\$97,965,000	\$78,915,751	\$19,049,249	\$5,926,867	\$0	87%
Maintenance and Operations Facilities							
Ron Cowan Central Bay Operations & Maintenance Facility	6,208	69,500,000	63,197,399	6,302,601	134,139	-	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%
FERRY VESSELS:							
Vessel Construction							
445-Pax Expansion (Waterjet) Vessels - 2 vessels	1,170,901	46,745,000	28,771,355	17,973,645	3,467,488	-	69%
400-Pax Expansion (Propeller) Vessels - 2 vessels	-	33,400,000	32,943,928	456,072	-	-	99%
New Commuter Class High-Speed Vessel	1,257,993	15,300,000	7,421,609	7,878,391	1,285,556	-	57%
Vessel Replacement - M/V Bay Breeze	-	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	430,652	3,000,000	877,961	2,122,039	432,163	-	44%
Vessel Qtr-Life Refurbishment - M/V Scorpio	110,526	3,005,350	70,062	2,935,288	342,004	-	14%
Vessel Engine Overhaul - M/V Taurus	211,592	800,000	198,928	601,072	211,708	-	51%
Vessel Service Life Extension - M/V Solano	849	13,000,000	145,099	10,000,901	24,571	2,854,000	1%
Vessel Engine Overhaul - M/V Argo and M/V Carina	-	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%
CAPITAL EQUIPMENT / OTHER:							
Purchase Service Vehicles	-	185,000	-	185,000	-	-	0%
Total Capital Expenses	\$6,064,087	\$302,212,200	\$212,542,090	\$74,816,110	\$11,831,506	\$14,854,000	
CAPITAL REVENUES:							
Federal Funds	\$3,620,461	\$67,437,543	\$22,485,494	\$33,068,849	\$7,250,401	\$11,883,200	44%
State Funds	1,411,858	184,186,792	151,568,893	31,375,649	3,028,564	1,242,250	84%
Regional - Bridge Toll	984,862	46,896,968	37,593,689	8,732,479	1,458,109	570,800	83%
Regional - Alameda Sales Tax Measure B / BB	22,306	2,204,397	14,014	1,032,633	69,246	1,157,750	4%
Regional - Alameda TIF / LLAD / HBBPA	-	386,500	-	386,500	585	-	0%
Regional - San Francisco Sales Tax Prop K	24,601	1,100,000	880,000	220,000	24,601	-	82%
Total Capital Revenues	\$6,064,087	\$302,212,200	\$212,542,090	\$74,816,110	\$11,831,506	\$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 – November 2019

This report covers the following topics:

1. Lobbying Continues to Avoid Mandatory Transit Cuts
2. WETA Coordinating Advocacy on Surface Transportation Bill
3. Repurposing WETA's Unused Earmarks

Lobbying Continues to Avoid Mandatory Transit Cuts

The Continuing Resolution (CR) that Congress passed in September included language waiving 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 given that unfunded mass transit authorizations for fiscal 2020 would be \$27 billion but only \$26 billion was projected in revenues between 2021 and 2024.

Unfortunately, the CR only applies until November 21, 2019 – Congress must include the same waiver in the appropriations bill that funds the Department of Transportation for the entirety of FY20 (through September 30, 2020). Thankfully, both the House and Senate-passed FY20 "Transportation, and Housing and Urban Development, and related agencies" Appropriations bills include the waiver, which virtually ensures the transit cuts will be averted in FY20. But first the House and Senate must reconcile any differences between their two bills and send a unified Transportation-HUD spending bill to the President. This should presumably happen by the November 21 expiration of the current CR, although impeachment politics may prevent Democratic leadership in the House from coming together with Republican leadership in the Senate by that date, in which case, Congress would need to pass another short-term CR with the Rostenkowski waiver included.

WETA Coordinating Advocacy on Surface Transportation Bill

The House Transportation and Infrastructure (T&I) Committee continues to move forward on reauthorization of the current surface transportation bill (FAST Act), with committee staff putting together a priorities document that will guide the drafting process for the FAST Act reauthorization. The FAST Act, which provides funding for highways, bridges and transit programs, expires on September 30, 2020.

We continue to advocate for increasing funding for the Federal Transit Administration (FTA) ferry grant program from the current \$30 million annually to a level of \$90 million annually. Our advocacy is happening on a number of levels: 1) we are advocating directly to Speaker Nancy Pelosi and T&I Committee Chairman Peter DeFazio (D-OR), who together are driving the reauthorization process; 2) we are coordinating with Golden Gate Ferry to ensure that members of the Bay Area Congressional delegation are receiving the same message from both organizations; 3) we are asking members of the Bay Area Congressional delegation to reinforce

with Speaker Pelosi and Chairman DeFazio the importance of funding the FTA ferry program at a \$90 million level; and 4) we are coordinating with other members of the Public Ferry Coalition to ensure that the T&I Committee is hearing from members of Congress from around the country. Members of the Public Ferry Coalition include Alaska Marine Highway, Cape May-Lewes Ferry, Casco Bay Lines, Frye Island Ferry Service, Isle Au Haut Boat Services, Maine DOT/Maine State Ferry Service, North Carolina DOT Ferry Division and Washington State DOT/Washington State Ferries.

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.

Repurposing WETA's Unused Earmarks

The Senate FY20 "Transportation, and Housing and Urban Development, and related agencies" Appropriations bill preserves language that will allow grantees to repurpose unspent earmarks that have been unused for more than ten years. As previously reported, this will allow WETA to utilize the FY09 earmark (\$475,000) that was originally intended for the Berkeley service.

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 at the time, and because of the rules attached to this funding, the money cannot be re-allocated without specific instructions from Congress. 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).

Respectfully Submitted,

Peter Friedmann and Ray Bucheger



NOSSAMAN LLP

Memorandum

TO: WETA Board of Directors
FROM: Nossaman LLP - Jennifer Capitolo & Nate Solov
DATE: October 25, 2019
RE: November 2019 - Legislative Update

The Governor finalized his actions on all bills on October 13, 2019, the signing deadline. In the 2019 legislative session, 2,625 bills were introduced, 792 in the Senate and 1,833 in the Assembly. Of those bills, 1,042 (39.7%) were sent to the Governor. He signed 870 (83.5%) into law and he vetoed 172 (16.5%). The legislature is on recess until early January.

2019 WETA Legislative Priorities

WETA has a support position on Senate Bill 664 which is supported by nearly every tolling and transit agency in the state. The bill prevents frivolous lawsuits from financially impacting every toll agency in the state. SB 664 passed out of the Assembly Transportation and Privacy Committees with bipartisan support but was turned into a two-year bill and will likely advance in January 2020.

Other Transportation Related Legislation

AB 784 (Mullin) California Hybrid and Zero-Emission Truck and Bus Voucher Incentive

Project: This bill exempts zero-emission transit buses from the state portion of the sales tax until January 1, 2024. WETA may want to evaluate if a similar exemption would be beneficial for future zero-emission ferry purchases.

Supported by CA Transit Association - SIGNED BY GOVERNOR NEWSOM

SB 397 (Glazer) Public Transit Operators: Passengers with Pets: Evacuation Orders: This bill requires the Office of Emergency Services and the Department of Food and Agriculture, in consultation with public transit operators and county emergency management officials, to develop best practices for allowing pets on public transit vehicles serving areas subject to an evacuation order. The best practices developed pursuant to this bill, will be applicable to WETA.

SIGNED BY GOVERNOR NEWSOM

Previewing 2020 Legislative Session

Legislators are considering funding priorities for the potential Bay Area Faster Initiative. In order Nossaman met with the Senate Transportation Committee consultant to discuss inclusion of WETA's capital and operational needs, consistent with the FASTER development group's work. Nossaman will work with WETA staff to finalize a one-page overview of funding needs for the next 15 years and will schedule meetings with Senator Beall and members of the WETA legislative delegation to communicate support for the FASTER effort and inclusion of WETA's program of projects.

Funding for WETA's Priority Projects

Caltrans: Sustainable Communities Transportation Planning Grant: In October, Nossaman assisted WETA staff in developing, drafting, and submitting an application for the Caltrans Sustainable Communities Transportation Planning Grant for "Transit Planning for Zero Emission Ferry Vessels." The requested grant funds are \$309,855 with a local match of \$40,145, for a total project cost of \$350,000. If awarded the grant will support a Zero-Emission Plan to evaluate a fleet wide strategy for zero emission solutions in the construction of new vessels, develop a phased approach for conversion of existing fleet vessels from diesel to zero emission propulsion and identify the shore-side electric infrastructure charging requirements to support operation of zero emissions fleet vessels. The planning effort would include achievable technical solutions, timelines and costs to implement WETA's emissions reduction goals.

Other

Tour with David Kim, Secretary of the California State Transportation Agency (CalSTA): On October 15, 2019, Nossaman arranged for Secretary Kim to meet with WETA. The meeting started with an overview of WETA including future priorities. Then everyone boarded a ferry for a tour of the Bay and further discussion about WETA. Secretary Kim had ridden on a Blue & Gold tourist ferry but it was his first time on a commuter ferry. We mentioned our interest in funding from the State and he offered staff assistance as WETA explores opportunities for partnership with CalSTA.

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

(October 3, 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 1:32 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 she had just attended a celebration at Pier 48½ and that WETA's float was already in place and ready to begin the temporary service to the new Chase Center events and games. She thanked the Port of San Francisco (Port), WETA staff and the team at Golden Gate Bridge Highway and Transportation District (Golden Gate) for the prioritization and work involved in making this traffic congestion mitigation solution a reality so quickly.

Chair Breckenridge said that she had met with the United States Coast Guard (USCG) regarding cybersecurity and that the USCG team had visited WETA facilities. She said she had also attended the September 12 *Pacific Maritime Magazine* Ferries Conference in Seattle and that conference attendees had included private, local government and state government system operators. Chair Breckenridge added that WETA Senior Planner/Project Manager Mike Gougherty and one of WETA's legal representatives from Hanson Bridgett, LLC, Steve Miller, had participated on panels at the conference.

Chair Breckenridge said that she learned that the New York Staten Island Ferry Service that began operating recently had started with a primary objective to serve low income riders who were working blue-collar service jobs with schedules falling outside of the standard 9 to 5 white-collar job schedules. She said WETA will want to be mindful of these non-traditional work schedules to ensure accessibility as it builds its service schedules for current and new service and emphasized that this will be especially important for the Treasure Island route.

It was agreed that the final public item on the meeting agenda, Public Comments For Non-Agenda Items, would be reordered in front of Item 6 to allow meeting guests who wished to speak the opportunity without having to await the Board's return from its closed session at the end of the agenda.

4. REPORTS OF DIRECTORS

Vice Chair Wunderman echoed the Chair's Pier 48½ event and service comments, and he thanked the Executive Director and staff for their efforts to get the service up and running in the short turnaround time provided. He said that San Francisco Mayor London Breed was very pleased and that getting this solution in place in such a tight timeline was a great reflection on the agency.

Vice Chair Wunderman reported that he had met with the City of Hercules and noted that the City's ongoing thoughtful development was impressive. He added that Hercules's interest endured in establishing ferry service on its developing waterfront to ease increasing commute challenges on the Highway 80 corridor.

Vice Chair Wunderman said that the Bay Area Council (BAC) was continuing its work on developing the FASTER Bay Area sales tax campaign and said that it will include an equity carve out of funds to assure that public transportation is accessible to all Bay Area residents despite their income levels.

Director Intintoli welcomed meeting guests.

Director DelBono said that he had attended a wonderful Seaplane Lagoon Groundbreaking event in Alameda. He said he was keen to learn more about the equity piece of the new FASTER Bay Area campaign and he reiterated the importance of accessibility to WETA services for all Bay Area resident income levels. Director DelBono asked if WETA staff had plans to expand the promotion for its online ticket ordering service, Hopthru, and Public Information & Marketing Manager Thomas Hall said that additional and expanded promotions were underway.

5. REPORTS OF STAFF

Executive Director Nina Rannells shared her written report with Directors and noted that the following weekend would bring Fleet Week celebrations and exercises to San Francisco. She also noted that the coming weekend would offer more maritime celebrations at Vallejo's Waterfront Weekend and that as part of the waterfront community in Vallejo and in partnership with the City, WETA would be offering six free trips through the Mare Island Strait, with historians aboard it's vessel to provide tours of the waterfront area for interested riders.

Program Manager/Analyst Lauren Gularte provided a brief overview of WETA's annual Emergency Response staff exercise on September 24, part of the Port Recovery Plan validation process. Ms. Gularte explained that the exercise had provided staff with the first opportunity to activate WETA's Emergency Operations Center (EOC) at its Central Bay Operations and Maintenance Facility in Alameda and that some of the opportunities the event had provided included identifying the need for CalOES to define and document a procedure for resource requisition and the desire for WETA's contract operator, Blue & Gold Fleet, to be better represented at EOC exercises by sending additional staff to participate. Ms. Gularte noted that staff had done a great job throughout this important exercise.

Chair Breckenridge suggested that staff work with WETA's Federal lobbyist Peter Friedmann, to prepare project requests to ensure they were ready to bring forward for funding if called upon for consideration in the Federal Transit Administration (FTA) Ferry Boat Discretionary Program.

PUBLIC COMMENT

Jerry Bellows from MARAD said he had noticed in the recent financial reporting that WETA's Richmond service was already nearing its farebox recovery target rate of 40% after less than one full year of service.

6. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

Martinez Community and Economic Development Director Christina Ratcliffe reminded the Board of a letter Directors had recently received from Martinez Mayor Rob Schroder requesting that WETA create a working group to further investigate the possibility of bringing new ferry service to the Martinez waterfront. Ms. Ratcliffe said that in the City's efforts, they had been in discussions with the Contra Costa Transportation Authority (CCTA), Tideline, and Prop about ferry service, had completed \$800,000 worth of dredging and were moving forward on a waterfront master plan and public engagement. She

added that just last night, the Martinez City Council had increased the permissible development density in the area.

Chair Breckenridge and Vice Chair Wunderman asked Ms. Ratcliffe to reconnect after the meeting to arrange for them to visit the waterfront and learn more about the exciting changes happening in Martinez.

Ann Peters told Directors if they build it, they will come. She said that she had spoken with at least 30 to 50 people in the last 3 weeks who were unaware that ferries were a transportation option in the Bay Area. Ms. Peters said that with the recent reduction in BART service that is expected to last through 2023, ferry service beginning at 4:30 a.m. and ending at 11 p.m. on weekdays will be needed. Ms. Peters said more parking was needed at the Richmond ferry terminal and she had been on a WETA ferry the last two Saturdays and some people were not aware that the Richmond weekend service would be ending in November. Ms. Peters urged the Board to email people so they will be aware of service changes and reiterated that a lot more service was needed, including in the mid-day window. Finally, she said WETA needed to add service between the East Bay and Larkspur.

Chair Breckenridge thanked the speakers and noted that because of the work planned to be done at some point on Highway 37, discussions were ongoing about how WETA could be part of a solution for that commute disruption and possibly be able to move people out of Marin County into the East Bay at least during that work window. She added that the specific Larkspur to the East Bay route Ms. Peters had suggested was included in the Solano Transportation Authority's (STA) July 2019 Water Transit Feasibility Study with results of the Study showing minimal ridership for such a route. Chair Breckenridge acknowledged that this could change in the future and that the Highway 37 disruption could be a special case, falling outside of that study's findings.

7. CONSENT CALENDAR

Director Intintoli made a motion to approve the consent calendar:

- a. Board Meeting Minutes – September 3, 2019

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

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

8. APPROVE WETA 2020 LEGISLATIVE PROGRAM

Program Manager/Analyst Lauren Gularte presented this item to approve the proposed WETA 2020 State and Federal Legislative Program. Ms. Gularte briefly reviewed the overall program detailed in the Item and noted that both the State and Federal proposed programs identified specific legislative initiatives and described a set of policy strategies to achieve the stated objectives which, she noted, could be sorted into three basic categories; raising the profile of WETA with policymakers, increasing funding opportunities and minimizing regulatory burdens on WETA projects. Ms. Gularte also acknowledged meeting guest Jennifer Capitolo, WETA's State legislative representative from Nossaman LLP (Nossaman), in attendance at the meeting.

Ms. Rannells added that efforts by Nossaman had already bore fruit in the form of a meeting scheduled in just a few weeks with California State Transportation Agency (CalSTA) Secretary David S. Kim to learn more about WETA's projects and funding needs.

Chair Breckenridge said she would also like to see engagement with The Governor's Office of Business and Economic Development (GO-Biz) in the efforts, specifically with an objective of alerting Californians to current maritime related opportunities that they may not know exist.

Directors noted that this new program was very exciting and precisely what the Board had been hoping for in a robust, engaging legislative program for WETA.

Director DelBono made a motion to approve the item.

Director Intintoli seconded the motion and the item passed.

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

9. REVIEW FARE PROGRAM GOALS AND OBJECTIVES

Senior Planner/Project Manager Mike Gougherty presented this informational review of WETA's Fare Program history, goals, objectives and success. It was agreed that equity and accessibility were important pieces for consideration for the fare program, and Ms. Rannells noted that the challenge in assuring an equitable fare program was the tremendous cost and work involved initially to create the system, including building the workforce infrastructure to initially qualify people, coupled with the day to day work needed to administer the program. She said these efforts were currently being developed at a regional level to support a pilot program to be launched in early 2020.

Mr. Gougherty noted that the two primary challenges for Directors to consider when thinking about a new WETA fare program will be how to best integrate special event service into the fare program – something not historically done – and the regional initiatives currently underway to integrate Bay Area transportation fares into one regional policy including Clipper 2.0, expected to offer agencies improved options to administer their fare policies in a more integrated, seamless way for riders. He added that a pilot, means-based fare policy was being developed for demonstration by a few operators in the region, and that the results from this pilot could inform WETA's future fare policy efforts in this area. Mr. Gougherty said that he would return to the Board with a proposed program for release for public comment and feedback before developing a final program for Board adoption.

Ms. Rannells offered that staff could bring forward a report at a future meeting describing the regional means-based program that is being put into place. Directors agreed that it will be important to include WETA's farebox recovery funding threshold in future discussions to identify how a potential, program-induced shortfall could be resolved to assure that any resulting farebox financial shortfalls would not be offset by WETA's full fare riders' pocketbooks in the form of higher full fares. Ms. Rannells noted that the FASTER Bay Area initiative is considering including funds to support initiation of a regionwide means-based fare program.

10. FIVE-YEAR FINANCIAL OUTLOOK AND SYSTEM EXPANSION OPPORTUNITIES

Ms. Rannells introduced this five year financial outlook and review of system expansion opportunities. She said the two primary objectives of this discussion were to instill in Directors a clarity and sense of comfort that WETA *will* be able to maintain current service levels, even without Regional Measure 3 (RM3) funding, over the next three to five years and to identify expansion opportunities and priorities beyond WETA's current offerings. Ms. Rannells added that at the Board's direction, there were some funds available in WETA's reserves that could be used to drive aggressive funding partnerships for potential service expansion. Ms. Rannells introduced Finance & Administration Manager Lynne Yu who explained that the five-year financial projections provided for WETA's Operating and Capital Programs detailed in the Item did not include any RM3 funding. She noted that the operating projections assumed that WETA's current funding levels would remain unchanged, operating costs would increase 4% annually and fuel costs would rise by 2% annually. She said additional assumptions to note were that WETA would continue with its current fare program that provided 3% fare increases annually and an overall ridership increase of 0% to 10%, dependent on the maturity and occupancy levels of each route. Ms. Yu noted that based on the financial projection, current revenues were estimated to be enough to

cover the projected operating and capital costs associated with maintaining WETA's current assets and level of service over the five-year period.

Ms. Rannells noted that WETA has historically endeavored to maintain a minimum of 17% of its operating budget, equal to about 2 months of operating funds, in reserve to mitigate potential ridership drops or expense increases related to unexpected events such as economic downturn or other unpredictable events that could affect WETA's costs or ridership and farebox revenue. She identified that there were sufficient projected reserves at the three and five-year mark to maintain this minimum reserve level with excess funds to allow WETA to continue to move forward with some expansion projects which would be discussed next.

Ms. Rannells introduced Planning & Development Manager Kevin Connolly who described four projects in process for discussion including new Seaplane Lagoon service in 2020, Mission Bay terminal and vessel construction and service, Treasure Island vessels and an option to flex an option for a second 300-passenger high speed Mavrik vessel.

Project 1 - Seaplane Lagoon

Mr. Connolly acknowledged City of Alameda Redevelopment Project Manager Michelle Giles who was in attendance noting that Ms. Giles was a WETA partner on the Seaplane Lagoon project in Alameda. Mr. Connolly said that the Seaplane Lagoon ferry terminal was already under construction and that staff was working with its Alameda partners on a near daily basis regarding that construction work. He said that staff is working on a formal Operating Agreement with the City that will be brought forward for Board discussion and consideration in the coming months. Mr. Connolly noted that WETA had begun a public engagement process for the new service by surveying Oakland and Alameda riders and that those results were expected in late October. Mr. Connolly explained that the three Seaplane Lagoon operating service options detailed in the Item were expected to cost \$1.8 million dollars at the low end of offerings and up to \$3.2 million at the high end. He said it was expected that no additional vessels would be required for this new service for the first five years of its operations and that the WETA Board had already allocated \$2 million in capital funds for the terminal construction at the request of Alameda. Mr. Connolly noted that the other \$20 million in capital funding to build the ferry terminal had been provided by the Alameda County Transportation Commission and Alameda Point Partners, the Site A developer. Mr. Connolly said the new Seaplane Lagoon service was expected to begin in the summer of 2020.

Project 2 - Mission Bay

Mr. Connolly acknowledged Port of San Francisco Chief Harbor Engineer Rod Iwashita, WETA's partner with the lead agency on the Mission Bay project who was in attendance at the meeting. He said that to support the timing necessary to meet the first in-water work window in June 2020 required to meet the project's service start date of January 2022 that the Port was expected to release a Request for Proposals (RFP) for the terminal construction next week that will be due in April 2020. Mr. Connolly explained that between now and next summer Directors could expect to see a series of agreements akin to WETA's standard MOUs and Operating Agreements for adoption consideration. He further explained that staff would bring forward for consideration a funding agreement with Metropolitan Transportation Commission (MTC) to include a Letter of No Prejudice to support the future reimbursement of a commitment from WETA of \$25 million in RM3 funds that would close the \$46 million Mission Bay project funding gap.

Mr. Connolly said that Mission Bay was 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 and that special service to support Chase Center events would also be included. He explained that operating cost for the new commute service is preliminarily estimated to be \$1.3 million and that WETA's recent Small Vessel Study had determined the best vessel type for Mission Bay service would be a small vessel that could link up to WETA's larger vessels at terminals to transport

Mission Bay riders in and out of San Francisco on WETA's standard commute service. He noted that the cost for 1.5 vessels – one new small vessel plus half the cost of a new small vessel spare – was approximately \$5.25 million.

Vice Chair Wunderman left the meeting at 2:53 p.m. and returned at 3:02 p.m.

Project 3 - Treasure Island

Mr. Connolly said that for purposes of this discussion, staff has identified a service start date for new Treasure Island service as summer of 2022. He noted that this was the first *practical* target date because the service would require new vessels which would likely be purchased at the same time as the vessel needed to support the new Mission Bay service. Mr. Connolly said that the City of San Francisco (City), working alongside the San Francisco County Transportation Authority (SFCTA), was doing broad conceptual work on the transportation plan for the island and the ferry service was just a small piece of a much larger and more complex master transportation and funding plan that will support the island's development. The annual operating cost for Treasure Island service would be close to that of the similar service arrangement profile of Mission Bay, he said, at \$1.6 million, and would require 1.5 small vessels – one new small vessel plus half of a shared spare. Mr. Connolly said the \$30 million Treasure Island Ferry Terminal, funded by the developer, was already under construction and, to the best of his knowledge, was expected to open in late 2021.

It was noted that a stop at Treasure Island during trips from the East Bay to San Francisco would very likely well serve East Bay residents who will be working in service jobs on the Island and that this should be considered when determining schedules and the new service route.

Project 4 – WETA Fleet Expansion

Mr. Connolly reminded Directors of the new, 300-passenger, commuter-class vessel currently under construction by Mavrik Marine which was expected to be delivered early next year. He said that the option on the second Mavrik Marine vessel had not been exercised to date and that WETA could option for a second vessel and fund its construction by combining the proceeds from the sale of retired vessels, surplus Proposition 1B funding and existing reserves.

Ms. Rannells noted that because of the short distance between San Francisco and the Island, the Treasure Island vessel procurement could offer an opportunity to utilize all-electric ferries on the new route. She added that the short Treasure Island trip might be an ideal way to step into greener vessel technologies that have eluded WETA to date due to limitations inherent with the new technologies such as route distance, vessel weight and speed requirements for WETA services. Chair Breckenridge noted that costs associated with shoreside charging facilities would be an important factor to consider in the newer technology application. She suggested that staff identify all-electric ferry operators in the country, such as in Alabama and Washington state and find out how much their shoreside infrastructure for their charging facilities cost to build and maintain.

PUBLIC COMMENT

Mr. Iwashita from the Port said he was a daily rider and fan of WETA's Oakland-Alameda ferry service. He emphasized that the Mission Bay Ferry Landing project was very important to the City of San Francisco and the Port and noted that it had been a pet project of San Francisco Mayor Ed Lee. Mr. Iwashita said that even greater transportation options demand to the area loomed and that the service was sorely needed. He said that RM3 funding had been included in the project's vision and plans and it was going to be needed at some point. Mr. Iwashita said the terminal design was 100% complete and that the procurement on the construction manager general contractor for preconstruction services was in process with early construction work expected to commence in June 2020. Mr. Iwashita said substantial completion of the project was expected in December 2021 and that a schedule guarantee would be part of the contract to mitigate potential delays and assure the project remains on schedule. Director

DelBono asked if the Port utilized Project Labor Agreements similar to what WETA uses for major projects. Mr. Iwashita said he did not have an answer today but would find out.

It was agreed that staff would bring this item back with further details for continued discussion at the November meeting to weigh risks and benefits associated with the various projects, including the Seaplane Lagoon service options.

PUBLIC COMMENT

Mr. Bellows extended an invitation to all to attend a MARAD vessel Open House at Pier 50 between 10 a.m. and 3 p.m. on Saturday, October 12 as part of the weekend's Fleet Week celebrations.

11. RECESS INTO CLOSED SESSION

Chair Breckenridge recessed the meeting into closed session at 3:48 p.m.

12. 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 and with all business concluded, she adjourned the meeting at 5:15 p.m.

- Board Secretary
END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Melanie Jann, Board Secretary/Administration & Business Services Manager

SUBJECT: Approve Board of Directors Meeting Schedule for Calendar Year 2020

Recommendation

Approve WETA Board of Directors meeting schedule for Calendar Year 2020.

Discussion

The WETA Board of Directors has traditionally met on the first or second Thursday of the month at 1:30 p.m. at the Port of San Francisco's offices at Pier 1 in downtown San Francisco with exceptions made to address holidays, business conflicts, or occasional travel meetings. Based upon a review of the 2020 calendar, staff proposes to establish the following meeting calendar:

DATE:	TIME:	LOCATION/ADDRESS:
Thursday, January 9	1:30 p.m.	Port of San Francisco
Thursday, February 6	1:30 p.m.	Port of San Francisco
Thursday, March 5	1:30 p.m.	Port of San Francisco
Thursday, April 2	1:30 p.m.	Port of San Francisco
Thursday, May 7	1:30 p.m.	Port of San Francisco
Thursday, June 4	1:30 p.m.	Port of San Francisco
Thursday, July 9	1:30 p.m.	Port of San Francisco
Thursday, August 6	1:30 p.m.	Port of San Francisco
Thursday, September 3	1:30 p.m.	Port of San Francisco
Thursday, October 1	1:30 p.m.	Port of San Francisco
Thursday, November 5	1:30 p.m.	Port of San Francisco
Thursday, December 10	1:30 p.m.	Port of San Francisco

This schedule may be amended during the year to adjust the time, meeting place or number of meetings held in response to WETA's business needs.

Staff acknowledges the Board of Directors has requested to periodically hold regularly scheduled or special Board meetings in various Bay Area communities that WETA serves or is developing services to support. Staff proposes to establish the above 2020 meeting calendar now so that we can hold the

Pier 1 meeting room for the year, and to work with the Board of Directors during the year to identify and coordinate opportunities for travel or special meetings that provide the best opportunity, considering meeting content and Board member availability, for diverse public engagement.

Fiscal Impact

There is no fiscal impact associated with setting the Board meeting calendar.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Short Range Transit Plan Update

Recommendation

There is no specific recommendation associated with this information item.

Background/Discussion

Federal statute requires the Metropolitan Transportation Commission (MTC), in partnership with state and with local agencies, to develop and periodically update a long-range Regional Transportation Plan (RTP) and a Transportation Improvement Program (TIP) which implements the RTP by programming federal funds to transportation projects contained in the RTP. In order to effectively execute these planning and fund programming responsibilities, MTC, in cooperation with Region IX of the Federal Transit Administration (FTA), requires each transit operator receiving federal transit funding to prepare, adopt and submit a Short Range Transit Plan (SRTP) outlining its public transit services and related operating and capital costs and projects over a ten-year projection period. These plans are used, amongst other things, to verify compliance with various federal requirements and to validate system capital rehabilitation and replacement projects and needs submitted for funding through separate MTC and FTA grant processes.

In January 2013, WETA adopted its first SRTP, setting forth a 10-year operating and capital improvement plan for FY 2011-12 to FY 2020-21. In March 2016, WETA adopted its most recent SRTP for FY 2015-16 to FY 2024-25. Pursuant to MTC requirements, staff has begun preparing an updated SRTP for FY 2019-20 to FY 2028-29. The updated SRTP will include the following key elements:

- **Service and System Performance** – The SRTP will provide an evaluation of route-level and systemwide service statistics and performance metrics for a four-year period from FY 2015-16 to FY 2018-19.
- **Operations Plan and Budget** – The SRTP will provide an overview of the operating costs and revenues anticipated to be available to support WETA's existing ferry system and new expansion services that are planned for implementation during the ten-year plan period.
- **Capital Improvement Program** – The SRTP will also provide an overview of WETA's capital program needs during the ten-year period, including expenditures relating to vessels, facilities, maintenance facilities and service expansion to support the anticipated operating plan.

Staff anticipates presenting a draft of the updated SRTP to the Board in December with a request to authorize release of the plan for public input.

Fiscal Impact

There is no fiscal impact associated with this item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: System Expansion Opportunities Discussion

Recommendation

This is an informational item for discussion.

Background

At the October 2019 Board meeting, staff presented Five-Year Financial Outlook and System Expansion Opportunities discussion that provided an overview of WETA's financial outlook over the next five years with no new Regional Measure 3 (RM3) funds and a discussion of how planned expansion work might fit into WETA's new restricted financial reality.

This item expands upon the October discussion regarding the four high-priority system expansion opportunities identified by staff and provides a preliminary approach to funding this program of projects within WETA's constrained financial environment. Staff will use feedback from the discussion to develop a final strategy and action plan for Board endorsement at the December 2019 Board meeting.

Discussion

I. FINANCIAL PLANNING PARAMETERS

In October 2019, the Board received and discussed a Five-Year Financial Outlook that included a Five-Year Financial Projection (provided as **Attachment A**) that identified required and operating and capital expenditures and anticipated revenues to support maintaining and sustaining services at current levels over the next five years. This financial projection confirmed that WETA can sustain existing services over this period even without the flow of RM3 funds and maintain a reasonable reserve to support unanticipated costs. The projection further indicated that WETA has some additional financial capacity to continue to move expansion projects under development forward utilizing a portion of its excess carryover funds.

Taking the Board's October discussion into consideration, which advocated for both financial prudence and leaning forward to advance expansion projects, staff recommends that the Board endorse the following financial planning parameters for use in developing a financial plan for advancing WETA's expansion program in the interim while RM3 funds are unavailable.

- Utilize a Three-Year Financial Planning Horizon – Staff believes that three years is a reasonable timeframe to utilize for planning for system operation and development without RM3 or another new significant financial source. In the event that RM3 or other significant new funds are not available by the end of Year 2 of this planning horizon (July

2022), staff would review WETA’s program and recommend adjustments for the Board’s consideration.

- Continue Current Operating Reserve Program – Staff recommends that the Board continue to support holding operating funds equal to approximately two months (or 17%) of the agency operating budget in reserve to support unanticipated costs or disruptions to existing revenue streams.
- Establish Capital Reserve – Staff recommends that the Board establish a Capital Reserve of \$10 million, to ensure that funds are available for unanticipated projects or project costs.

Applying these parameters to the five-year financial projection results in the following baseline Three-Year Financial Projection contained in Table 1, which indicates that approximately **\$13.6 million** in carryover funds will be available to support expansion projects over the three-year period.

Table 1: Three-Year Financial Projection - Baseline

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	3-Year Total
Capital Program	\$18,727,400	\$11,361,500	\$13,271,300	\$43,360,200
Operating Program	\$52,943,600	\$54,599,500	\$56,314,100	\$163,857,200
Total Program	\$71,671,000	\$65,961,000	\$69,585,400	\$207,217,400
Carryover Fund Balance	\$29,683,200	\$31,473,100	\$33,168,300	
Operating Reserve	\$9,000,400	\$9,281,900	\$9,573,400	
Capital Reserve	\$10,000,000	\$10,000,000	\$10,000,000	
Available Carryover	\$10,682,800	\$12,191,200	\$13,594,900	

II. EXPANSION OPPORTUNITIES

As a part of the October discussion, staff identified four high-priority system expansion projects under development for Board discussion regarding relative priority for staff time and resources under the current constrained financial environment. These projects included three service expansion opportunities, including new Seaplane Lagoon, Mission Bay and Treasure Island services, 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 one fleet expansion opportunity to purchase an expansion vessel through an existing contract option. These projects are discussed in summary below and in more detail in **Attachment B** to this report.

While no formal project ranking was developed as a result of the October discussion, the Board indicated a general desire to move forward with all projects to the extent that we can and for staff to work to develop funding strategies to support this effort.

A. Expansion Services

All three of the service expansion projects have long been a part of WETA’s expansion program work efforts, but each one is unique in terms of its state of readiness, financial requirements and schedule. These projects are listed and summarized below in the order that they will be ready for service implementation.

1. New Seaplane Lagoon Service

Estimated Service Start Date: August 2020

Description: This new service will provide peak-period ferry service between a new terminal under construction at Seaplane Lagoon and downtown San Francisco. As envisioned by the City of Alameda and recommended by WETA staff (subject to customer outreach and feedback), the preferred service operating scenario (Service Alternative 3 described in detail along with other service alternatives explored in *Attachment B*) would be a six-trip service created by restructuring the Alameda/Oakland service to shift the peak period Alameda trips to Seaplane Lagoon and reconfigure the existing Alameda/Oakland service to better serve Oakland riders. This was the preferred service scenario initially developed for implementation with new RM3 funds and, after review of two other alternatives in light of WETA's current funding constraints, is still the staff recommendation for service implementation.

This service strategy 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. This service alternative would improve service for both Alameda and Oakland commuters, provide increased system capacity and support new housing developments within close proximity to the ferry terminals in both communities.

This long-standing project is supported by a project planning and development MOU between the City of Alameda and WETA. WETA previously committed \$2 million to support construction of the \$22 million terminal and service can be operated utilizing WETA's existing fleet, leaving only the operating subsidy to be funded at this point.

Operating Cost:

The annual Seaplane Lagoon operating budget is estimated to be \$3.9 million beginning in FY 2020/21. Staff estimates that it will cost approximately \$2.3 million in net new operating subsidy annually to operate this service, as the full budgeted cost will be partially offset by the concurrent Alameda/Oakland service restructure and an estimated \$300,000 in new annual fare revenue. The estimated subsidy required over the 3-year planning period is \$7.25 million.

Recommended Funding Strategy: Staff recommends utilizing WETA surplus carryover funds, some of which are Alameda-specific sales tax and local funds, to prioritize Seaplane Lagoon service operation beginning in August 2020. This would result in a \$7.25 million commitment of carryover funds to support the new service over the 3-year planning period.

Upcoming Activities to Support Recommendation:

- Board approval of Operating Agreement with City of Alameda – Dec/Jan 2019
- Establish final service schedules and fares – Spring 2020
- Develop marketing/outreach plan, seek RM2 marketing funds – Winter 2019/20
- Initiate service change marketing and outreach efforts – Spring/Summer 2020
- Pre-service preparation hiring/training – Spring/Summer 2020
- Service Start – August 2020

2. Mission Bay Service

Estimated Service Start Date: January 2022

Description: 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 by small vessel. Commuters from Vallejo, Richmond, Alameda, Oakland and Harbor Bay would take a ferry to Downtown San Francisco on our existing routes and transfer to a Mission Bay-bound ferry. In addition, special events at Chase Center could be served directly from as many as three origin points in the WETA system. Port of San Francisco (Port) staff has completed project design and begun pre-construction bid activities with the goal of being in a position to start terminal construction work in Spring 2020 in order to make the 2020 and 2021 in-water construction cycles and complete the new Mission Bay Ferry Terminal in time for new service to begin in January 2022.

This long-standing project is supported by a project planning and development MOU between WETA and the Port. In order to move forward, this project requires a \$25 million capital commitment to close the terminal construction budget funding gap, funds for small vessel construction and new operating subsidy funds.

Capital Cost

- Terminal - \$25 million RM3 capital committed initially through a Letter of No Prejudice (LONP)
- Vessels - \$5.25 million for 1.5 vessels
- Electrification Package – upgrading to electric vessel is estimated to add \$1.2 million for (1.5) vessels and require an additional \$2.5 to \$3.25 million for float modifications and charging infrastructure.

Operating Cost

Staff estimates that it will cost approximately \$1.7 million in net new operating subsidy to operate new small vessel service beginning in FY 2022/23, and \$2.64 million over the 3-year planning period. As the result of interlining opportunities with other services, staff estimates that of this total, approximately \$1.1 million in expenses would be dedicated to Mission Bay operations, with the balance distributed between Pier 41, Seaplane Lagoon and Oakland Estuary services.

Recommended Funding Strategy:

Terminal Construction - Staff recommends supporting the Port's request for a WETA commitment of \$25 million future RM3 funds to support terminal construction beginning in 2020. This will require WETA action in December/January to support the project and seeking a Letter of No Prejudice with MTC that would allow the Port to proceed with construction now utilizing other local funds and receive reimbursement from RM3 funds at a future date when funds are available.

Vessel Construction - Staff is actively pursuing new grant program, state budget or other funds to support construction of vessels required to provide planned Mission Bay (and Treasure Island) service. Depending upon available funding and infrastructure, these could be all-electric or conventional diesel vessels, or a mix. In order to be ready to move forward quickly once funds are secured, staff will request Board authorization to

secure vessel design and construction management (design/cm) services in the next few months which can be funded within the existing FY 2019/20 budget.

Operating Subsidy – Staff recommends utilizing surplus carryover funds to support system operation beginning in January 2022. This would result in a \$2.64 million commitment of carryover funds to support this new service over the 3-year planning period.

Upcoming Activities to Support Recommendation:

- Develop/adopt revised project MOU with Port for terminal construction, funding, ownership and use of the Mission Bay Ferry Landing – December/January
- Board action to commit \$25 million future RM3 funds to Mission Bay Ferry Landing project construction and support LONP from the Metropolitan Transportation Commission (MTC) for the project – December/January
- Actively seek grant or other funding opportunities in collaboration with Port to support construction of small vessels for Mission Bay Ferry service operation - Ongoing
- Secure vessel engineering/design/cm services – Spring 2020
- Support Port construction activities - Beginning Spring 2020

3. New Treasure Island Service

Estimated Service Start Date: July 2023

Description: This project would provide new public small vessel peak-period ferry service between Treasure Island and downtown San Francisco beginning in July 2023. Terminal construction, funded by the developer, is currently underway.

WETA has worked for more than a decade with the San Francisco County Transportation Authority/Treasure Island Mobility Management Agency (SFCTA/TIMMA) staff to support the terminal design and service plans with the understanding that WETA would operate the new public service when offered. While operating and capital funding requirements have historically been a shared responsibility of the developer and City of San Francisco, staff recommends that WETA lead efforts to seek and secure new grants and/or earmarks to build new small vessels to support Treasure Island public service operation in a combined effort with the Mission Bay vessels.

Capital Cost:

- Vessels - \$5.25 million for 1.5 vessels
- Electrification Package – upgrading to electric vessel is estimated to add \$1.2 million for (1.5) vessels and require an additional \$2.5 to \$3.25 million for float modifications and charging infrastructure.

Operating Cost:

Treasure Island ferry service operating costs are assumed to be the responsibility of TIMMA, using revenues generated by fares, tolls, parking fees and developer contributions. WETA staff is working with SFCTA to identify annual operating cost and subsidy needs as they refine the transportation program for Treasure Island and solidify the funding component.

Recommended Funding Strategy:

Staff is actively pursuing new grant program, state budget or other funds to support construction of vessels required to provide planned Treasure Island (and Mission Bay) service. Depending upon available funding and infrastructure, these could be all-electric or conventional diesel vessels, or a mix. In order to be ready to move forward quickly once funds are secured, staff will request Board authorization to secure vessel design/cm services in the next few months, which can be funded within the existing FY 2019/20 budget.

Upcoming Activities to Support Recommendation:

- Actively seek grant or other funding opportunities in collaboration with SFCTA to support construction of small vessels for Treasure Island Ferry service operation - Ongoing
- Secure vessel engineering/design/cm services – Spring 2020
- Support SFCTA/TIMMA efforts to define service operating costs and capital needs - Ongoing
- Develop MOU with SFCTA/TIMMA for service operation - 2020

A. Fleet Expansion

The fourth project in the expansion program is a Fleet Expansion project.

1. Construct New 300-Passenger High-Speed Vessel

This project would construct a new 300-passenger high-speed catamaran vessel with the versatility to support WETA's diverse system of routes and facilities. This project would be achieved by flexing an available contract option with Mavrik Marine, Inc. to build a second Dorado class vessel. Vessel construction could be expedited under the existing option.

Staff is highly satisfied with the quality and progress of the construction of the first vessel and now would be a good time to exercise the second vessel option if interested. While there is no pressing service need for the vessel today, moving forward in the construction process now would position WETA to be able to lean forward quickly as demand grows and new operating funds are made available. This vessel could also be used to free-up availability of a Gemini class vessel to support Mission Bay or Treasure Island service, if needed.

Capital Cost:

Vessels – \$15 million

Recommended Funding Strategy:

Staff continues to evaluate WETA's ability to fund the vessel option using a combination of proceeds from the sale of retired vessels, surplus Proposition 1B funding and surplus carryover funds. Staff should be in a position to make a recommendation regarding this project once a final plan and budget is established for replacing the MV *Solano*, which may also require use of these funds.

Upcoming Activities to Support Recommendation:

- Board authorization to exercise option if sufficient funds are available – January/February

III. PROGRAM FUNDING APPROACH

Applying the proposed financial planning parameters identified in Part I of this report to WETA's finances indicates that approximately \$13.6 million in carryover funds will be available to support expansion projects over the three-year period beginning FY 2020-21 and ending 2022-23 (Table 1, Page 2).

Cover Operating Needs with Available Carryover Funds

In considering how to apply these funds to the four expansion projects discussed in Part II of this report, staff recommends that surplus carryover funds are first allocated to support the anticipated operating needs for Seaplane and Mission Bay services, which amount to approximately \$10 million over the three years, and that the balance of available carryover funds, which amount to approximately \$3 million, are then be applied to support related capital project needs.

Table 2 provides a revised three-year financial projection adding new Seaplane and Mission Bay operating subsidy needs into the overall Operating Program.

Table 2: Revised Three-Year Financial Projection - Baseline + Seaplane + Mission Bay

	Year 1 FY 2020-21	Year 2 FY 2021-22	Year 3 FY 2022-23	3-Year Total
Capital Program	\$18,727,400	\$11,361,500	\$13,271,300	\$43,360,200
Operating Program	\$55,243,600	\$57,864,500	\$60,634,850	\$173,742,950
<i>Baseline</i>	\$52,943,600	\$54,599,500	\$56,314,100	\$163,857,200
<i>Add Seaplane</i>	\$2,300,000	\$2,415,000	\$2,535,750	\$7,250,750
<i>Add Mission Bay</i>	\$0	\$850,000	\$1,785,000	\$2,635,000
Total Program	\$73,971,000	\$69,226,000	\$73,906,150	\$217,103,150
Carryover Fund Balance	\$27,383,200	\$25,908,100	\$23,282,550	
Operating Reserve	\$9,391,400	\$9,837,000	\$10,308,000	
Capital Reserve	\$10,000,000	\$10,000,000	\$10,000,000	
Available Carryover	\$7,991,800	\$6,071,100	\$2,974,550	

Seek New Funds to Cover Capital Program Costs

The immediate capital funding needs identified to support moving WETA's program of expansion projects forward, assuming that an LONP process will be made available to support advancing Mission Bay Ferry Landing construction, are limited vessel construction projects including Small Vessel Construction to support new Mission Bay and Treasure Island services and construction of a new 300 Passenger High-Speed Ferry. Approximately \$3 million carryover funds are identified to support implementation of these projects. These funds, combined with new discretionary grants, legislative earmarks or other funds will be needed to fully fund the capital program requirement.

Small Vessel Construction

Staff estimates that the construction of three conventional small diesel vessels will cost approximately \$10.5 million. Three all-electric battery vessels are estimated to cost closer to \$12.9 million and will also require an additional \$2.5 to 3.25 million for float modifications and charging infrastructure per site, for a potential project cost of close to \$20 million. Staff continues to refine these numbers and seek grant funding opportunities to support this vessel

build. While Mission Bay and Treasure Island services may provide a good opportunity to trial an all-electric battery vessel in passenger service, without significant new grants funds this may not be financially feasible in the short-term.

300-Passenger High-Speed Vessel

Exercising the Mavrik Marine, Inc. option to build a second Dorado class vessel represents a fast, economical way to add to WETA's vessel fleet. A portion of this \$15 million project can be funded with a combination of proceeds from the sale of retired vessels, surplus Proposition 1B funds and surplus carryover funds if these funds are not needed for other projects. Staff will continue to evaluate the ability to fund this project in light of other baseline and expansion project needs and develop a recommendation related to this project in the coming months.

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
<i>Farebox Recovery %</i>	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% (<i>Capital Only</i>)	407,100	507,500	623,800	931,700	684,900	
Bridge Tolls: RM1 - 5% (<i>Flex</i>)	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

PROJECT DESCRIPTIONS

Expansion Service Project 1: Seaplane Lagoon Ferry Service

Background

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.

Public Outreach

To better gauge passenger sentiment about potential changes to Alameda and Oakland services coming with the completion of the Seaplane Lagoon Ferry Terminal, WETA staff carried out an initial public engagement process in September and October with the help of Civic Edge Consulting. The process consisted of a survey distributed to Alameda and Oakland ferry passengers digitally and in print. WETA pushed the survey through a combined paid and organic social media campaign, BayAlerts and on-vessel graphics. Ambassadors rode on the evening commute and engaged passengers at the Downtown S.F. Ferry Terminal on October 17 to gather feedback and survey responses.

The survey served two purposes: to introduce the concept of potential service changes related to the addition of Seaplane Lagoon to passengers and to gauge sentiment about the perceived benefits and barriers to potential changes. Staff feels it was a successful and useful effort to introduce Seaplane service concepts and gauge passenger reactions. Analysis is expected to be completed in mid-November and available in the December Board packet. This is the first step of public engagement around potential Seaplane Lagoon service. As service level and schedule decisions are approved by the WETA Board, a fuller outreach effort will begin.

Service Development

In considering service options, staff has identified three potential alternatives for delivering new service to the Seaplane Lagoon terminal. An understanding of the current ridership demand and service challenges in the existing Alameda/Oakland service is an important consideration in developing an approach to serving the new Seaplane Lagoon terminal.

The distribution of riders on the Alameda/Oakland route shifts depending on the time of day and day of the week. Overall, there is roughly an even distribution of riders between Alameda and Oakland. However, in peak periods Alameda riders make up 60 percent of the riders. That imbalance shifts during middays and weekends, when Oakland riders make up close to 60 percent of the riders. The imbalances are partly explained by the sequence of stops and travel times. During commute periods, Alameda gets direct service to and from San Francisco, a 20-minute trip. Oakland is the second stop during commute times, meaning that Oakland passengers have a 30 to 35-minute trip on the more crowded vessels. During midday and weekends, Oakland is favored and sees direct, 20-minute service to San Francisco.

There are four important areas of need in the Alameda/Oakland market including peak hour capacity, parking and access, waterside capacity and ridership growth potential that need to be considered as WETA develops a service scheme for the new Seaplane Lagoon service. Additionally, service cost and fare revenue potential are additional areas of consideration in planning to start this new service without new RM3 funds. These factors are discussed briefly below and considered in relation to the three service alternatives developed.

ATTACHMENT B PROJECT DESCRIPTIONS

- 1) **Peak hour capacity.** The current condition for WETA riders is characterized by insufficient peak hour capacity resulting in service leave behinds.

The combination of limited capacity on the Bay Bridge and BART along with ample free parking and the introduction of new, larger vessels over the past three years has resulted in significant ridership increases at the Main Street Terminal. Since the adoption of the 2016 Seaplane MOU, ridership has grown 28 percent in the Alameda/Oakland service. The additional ridership has resulted in the service exceeding capacity limits suggested by WETA's service design guidelines, especially on the most popular 5:20, 5:40 and 6:05 PM peak hour trips.

- 2) **Parking and access.** Access and parking conditions at Main Street are strained because the area was not designed for the volume of vehicles or pedestrian and bicycle activity.

The rapid rise in ridership has also had an impact on the Main Street Terminal area and the ability of passengers to comfortably access the terminal. There are 326 spaces in the formal Main Street Terminal lot, with another 140 spaces in the temporary O' Club lot 1,000 feet west of the terminal. Both of these lots tend to fill by the 8:20 AM departure, forcing passengers arriving later to park in a constellation of city-owned informal lots in the vicinity as well as along Main Street. There are roughly 400 cars parked in these informal areas on a typical weekday. Midday riders in particular are forced to park sometimes as much as half a mile from the terminal which can be inconvenient, especially when returning after dark.

- 3) **Waterside capacity.** WETA is unable to add service during the peak hour because the Main Street float is currently at maximum utilization during the peak hours.

On the water side, the Main Street Terminal is a single-sided float that accommodates both the Alameda/Oakland and South San Francisco ferry services during the peak periods. Today, the float is at maximum capacity during the PM peak hour when five vessels land at the float during a 60-minute period. The only opportunity to add a vessel landing at the Main Street float would be prior to 4:30 PM or after 6:30 PM when there is less vessel congestion.

- 4) **Ridership growth potential.** Both Alameda and Oakland have aggressively pursued more residential development in the ferry terminal areas which should bring up to 17,000 new residents within the next ten years, representing an opportunity to grow ferry ridership.

Both the cities of Alameda and Oakland have been pursuing a heightened level of residential development in the ferry terminal areas that will place significant numbers of new residents in close proximity of WETA terminals. In Alameda, the City has approved over 3,000 units of new housing construction west of Grand Avenue within a mile of the Seaplane Lagoon Terminal. City staff estimates this could mean up to 7,000 new residents within the next ten years. In Oakland and the Jack London Square vicinity, there are currently just under 5,000 residential units under construction including the Brooklyn Basin mega development one mile from the Jack London Ferry Terminal. In total, Oakland anticipates up to 10,000 new residents in the Jack London Square and Brooklyn Basin areas over the next ten years.

ATTACHMENT B PROJECT DESCRIPTIONS

- 5) **Fare revenue potential.** As the ferry attracts more riders, the potential for fare revenue will grow. At the same time, adding new service will likely temporarily reduce individual service and overall farebox recovery performance in the initial years.

For the past five years, the average annual farebox recovery rate for Oakland/Alameda service has been 60 percent. WETA's minimum standard farebox recovery is 40 percent for any service that is over ten years old. Through the Regional Measure 2 program, MTC requires that all-day ferry services meet a 30 percent farebox recovery rate and commute-only service meet a 40 percent farebox recovery rate.

- 6) **Operating expense.** Establishing new Seaplane Lagoon service will add to WETA's annual and three-year operating expense and subsidy requirement beginning in Fiscal Year 2020-21. Anticipated new annual operating subsidy required for the three service scenarios range from \$1.8 to \$2.6 million.

Seaplane Lagoon Service Alternatives

Staff has developed and evaluated three Seaplane Lagoon service scenarios in considering how to "lean forward" to start this planned new service without anticipated new operating subsidy from RM3. These alternatives include a three-trip peak period "lowest-cost" service alternative that would be operated by partially drawing from existing resources and services, a four-trip "stand-alone" peak period service utilizing a dedicated Seaplane Lagoon vessel and crews and a 6-trip "comprehensive" 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). The three service alternatives are further described below and evaluated in terms of the six service factors described above for assessing new Seaplane Lagoon service. All things considered, staff recommends Service Alternative 3: Comprehensive Service Restructure for implementation.

Service Alternative 1 – Lowest-Cost Schedule

This service schedule would meet WETA's minimum service requirement of three morning and three evening trips at the lowest cost of the three alternatives. Service would be delivered through redeployment of existing morning crews and vessels and a dedicated evening vessel and crew. This would mean that existing AM trips in the Estuary and at Harbor Bay would be deleted and redirected to Seaplane Lagoon. During the PM peak, hourly service would be offered by an additional crew in PM service. Evening commute service in the Estuary and at Harbor Bay would be unaffected. This lowest-cost alternative could be viewed as an interim step towards a more attractive service at Seaplane Lagoon and the Estuary when new operating funds are available.

The primary benefit of this service alternative is that it can be achieved with least amount of new operating subsidy. While the PM schedule of hourly departures meets the WETA minimum standard for expansion service, the AM peak service would be less than optimal, providing only two trips in the peak period (6:00 AM and 8:10 AM) with a third just outside the peak at 9:15 AM. In addition, delivering this service would require that WETA redirect service from other parts of the system including two trips currently serving Oakland and Alameda and a 9:00 AM trip from Harbor Bay. Combined, these three trips currently carry an average of 304 riders per day.

ATTACHMENT B PROJECT DESCRIPTIONS

Service Alternative 1 Assessment

Peak hour capacity	This service scenario would provide limited new peak hour service to the Seaplane Lagoon terminal site, but at the expense of existing morning services to other Alameda/Oakland terminal sites.
Parking and access	With a limited commuter schedule at Seaplane Lagoon, staff would not expect to see a significant number of Alameda riders shift from Main Street, which would continue to offer 30-minute frequencies and the benefit of midday and evening service. Without a significant shift in Alameda commuters, the Main Street Terminal vicinity will also continue to experience congestion and access challenges.
Waterside capacity	While any new service at Seaplane Lagoon offers new service capacity, because this alternative does not change service in the Estuary, it does not alleviate the current capacity pinch point at the Main Street float. As a result, there would still be no way to add future service for Alameda/Oakland riders.
Ridership growth potential	WETA would not be effectively positioned to capture new ridership with capacity shortfalls expected to only increase with limited Seaplane service and no relief for the Estuary.
Fare revenue potential	Expectations for fare revenue would be low as the service at Seaplane would be limited and a more attractive service schedule would be available at Main Street. Capacity limitations on the Estuary service will eventually limit ridership and fare revenue growth potential. Due to the potential loss of ridership resulting from the cancelation of peak hour trips in Oakland and Harbor Bay, staff is estimating that this alternative would not generate additional net new fare revenue.
Cost	This alternative is estimated to add \$1.8 million in new annual operating expenses to WETA's systemwide operating budget.

Overall Alternative 1 Assessment: Staff does not recommend implementing this service option as it would disrupt existing services, offer limited growth potential for Alameda/Oakland services overall, and offer a less-than-optimal Seaplane service schedule with limited cost savings compared to service Alternative 3.

ATTACHMENT B

PROJECT DESCRIPTIONS

Service Alternative 2 – Stand-Alone Service Schedule

This service alternative would offer new commute-period Seaplane service with dedicated crews in both the AM and PM for Seaplane Lagoon, leaving the Alameda/Oakland estuary service unchanged. A new AM crew dedicated to Seaplane Lagoon would offer hourly service with three trips in the peak period. In the PM, a new crew would offer four hourly departures from San Francisco.

This alternative has the benefit of not disrupting service at Harbor Bay or in the Estuary while still activating the Seaplane Lagoon Terminal. It will cost about 30 percent more than the Alternative 1 because it utilizes a dedicated crew in both the AM and PM peak periods. Staff estimates that this service alternative will attract roughly 30 percent of Main Street commuters, offering only a temporary relief to the crowding and congestion currently being experienced on the Alameda/Oakland estuary service. Main Street will continue to offer 30-minute frequency along with the benefit of midday and evening service.

Service Alternative 2 Assessment

Peak hour capacity	This service scenario will establish new hourly peak period service from Seaplane Lagoon with no change to the Alameda/Oakland service.
Parking and access	With a limited commuter schedule at Seaplane Lagoon, staff expects to see only a modest shift of Alameda riders shift from Main Street, which would continue to offer 30-minute frequencies and the benefit of midday and evening service. Without a significant shift in Alameda commuters, the Main Street Terminal vicinity will continue to experience congestion and access challenges.
Waterside capacity	While any new service at Seaplane Lagoon offers new service capacity, because this alternative does not change service in the Estuary, it does not alleviate the current capacity pinch point at the Main Street float. As a result, there would still be no way to add future service for Alameda/Oakland riders.
Ridership growth potential	Staff estimates that this service option would only capture minimal ridership growth overall as capacity shortfalls on the Alameda/Oakland service would not be addressed.
Fare revenue potential	Expectations for fare revenue would be limited as the service at Seaplane will only attract a limited number of Main Street commuters. Capacity limitations on the Estuary service will eventually limit ridership and fare revenue growth potential. Staff estimates that this alternative will only generate \$30,000 in annual new fare revenue.
Cost	This service alternative is estimated to add \$2.6 million in new annual operating expenses to WETA's systemwide

ATTACHMENT B

PROJECT DESCRIPTIONS

operating budget.

Overall Alternative 2 Assessment: While Service Alternative 2 represents a viable option for establishing a new stand-alone peak-period service from the new Seaplane Lagoon terminal, staff estimates only modest ridership as a result of competing Main Street service, which would continue to offer a superior level of commute and all-day service. While this is certainly a viable service option for a new service, staff believes that Service Alternative 3 provides a superior service option with a slightly lower overall financial requirement.

Service Alternative 3 – Comprehensive Service Restructure

This service alternative takes the approach of offering a new service structure that preserves two vessels operating in the Alameda/Oakland estuary but through interlining with other services, offers 30-minute peak frequencies at the Seaplane Lagoon Terminal and direct, 20-minute service between Oakland and San Francisco. Like the second alternative, the new service structure relies upon use of a dedicated vessel and new crews in both the AM and PM peak periods. However, through interlining boats from other services, WETA could achieve 30-minute frequency at both Seaplane and Oakland terminals through the heaviest volume periods of peak service. Main Street would still offer some peak service to San Francisco although it would stop in Oakland first, a way to offer Alameda-Oakland short hop service. And while Oakland would have less service early in the AM peak, it would see 30-minute frequencies in the heart of the commute and benefit from a 15-minute travel time savings because of direct service to San Francisco. Estuary service during the PM would maintain 30-minute frequencies but would favor Oakland commuters over Alameda recreational riders, who would have to stop in Oakland first before alighting at Main Street.

This new service structure offers several benefits in concept. With frequent, direct service during the peak period between Seaplane Lagoon and San Francisco the expectation is that up to 90 percent of Alameda commute-period riders will shift to Seaplane, thereby freeing up at least 50 percent of vessel capacity on the currently oversubscribed Estuary PM peak trips. Recreational riders traveling to Alameda from San Francisco during the PM peak would still travel to Main Street, because they would have boarded midday service from that location. Their return trip would be 15 minutes longer, as Oakland commuters would now receive the benefit of direct service. Reversing the current sequence to favor Oakland would increase the attractiveness of ferry service to Oakland riders, appealing to the many new residential developments opening in Jack London Square and Brooklyn Basin.

By enticing the Alameda commuter population to Seaplane Lagoon, parking and access at Main Street should improve for midday riders. The Seaplane Lagoon Terminal will have newly constructed infrastructure: 400 parking spaces with modern accessible spaces and paths, segregated bicycle paths connecting to west Alameda residential areas, bus and shuttle stops. Midday Alameda riders will be able to utilize the limited parking at Main Street and not have the burden of long walks from off-site parking areas.

This service alternative has the same net operating cost as Alternative 2 as it adds the same number of crews and vessels to WETA service. However, staff estimates that Oakland ridership will grow more significantly as a result of the 10-15 travel time improvement, matching growth rates WETA has seen in expansion services. With more substantial Oakland ridership growth, staff estimates that this alternative would generate \$300,000 in additional fare revenue in its first full year in operation.

ATTACHMENT B

PROJECT DESCRIPTIONS

Service Alternative 3 Assessment

Peak hour capacity	This alternative provides up to 50 percent more capacity during the PM peak by splitting the Alameda and Oakland populations. As a result, 30-minute peak service in each location should be sufficient to support future ridership growth.
Parking and access	This alternative offers 30-minute peak service at Seaplane Lagoon and limited San Francisco-bound service at Main Street. It is hoped that the service offering will shift Alameda commuters to Seaplane Lagoon, where there will be adequate parking and much better pedestrian and bicycle access. The Main Street Terminal will see mainly midday riders and the limited parking and access in the terminal vicinity will be a better fit for the expected volume of passengers.
Waterside capacity	By relocating most of the peak period Alameda ferry service to Seaplane Lagoon and limiting service at Main Street, this alternative frees up waterside capacity at Main Street.
Ridership growth potential	This alternative has the potential to open two new markets for ferry service: Oakland-to-San Francisco and Alameda-to-Oakland. By prioritizing Oakland in the Estuary commute service, Oakland riders will see a 10 to 15 minute travel time savings, making ferry competitive with driving, transbay bus and BART. Half of the commuter population in Alameda travels to Oakland during peak periods. A ferry service across the Estuary provides an alternative to crowded buses or driving alone. Finally, additional capacity on vessels headed to Oakland and Alameda create the capacity necessary to capture ridership growth as future residents move into the area.
Fare revenue potential	Expectations for fare revenue are highest under this option as improvements occur for Oakland, Alameda Main Street and the new Seaplane Lagoon Terminal. Staff estimates that this alternative would generate up to \$300,000 annually in new fare revenue.
Cost	This alternative would add \$2.6 million new annual operating expenses to WETA's systemwide operating budget, which would be off-set by an anticipated \$300,000 in new fare revenues. The net new annual subsidy required under this option is \$2.3 million.

Overall Alternative 3 Assessment: Service Alternative 3 is staff's recommended alternative for establishing new Seaplane Lagoon ferry service. This service alternative would deliver a

ATTACHMENT B

PROJECT DESCRIPTIONS

robust new peak-period service at the new Seaplane Lagoon ferry terminal while also improving Oakland-based commute period service. It will address Alameda/Oakland service overcrowding in the peak-period, provide improve parking and access to Alameda terminals and support the potential for ridership growth in both the Alameda and Oakland markets. Option 3 is estimated to cost \$2.3 million annually in new operating subsidy, placing it in the middle of the cost range, and is the alternative that best positions WETA's Alameda and Oakland services for long-term growth.

ATTACHMENT B

PROJECT DESCRIPTIONS

Expansion Service Project 2: Mission Bay Ferry Service

PROJECT DESCRIPTION

Service Description

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 by small vessel. 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 could 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, to support service operation beginning in January 2022.

Terminal Construction

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. Assuming WETA Board support of this request, staff is working with the Port and MTC to identify the necessary steps and timeframe for requesting a Letter of No Prejudice (LONP) for the project, that would allow the Port to award a contract and begin construction with alternative funds and allow RM3 reimbursement at a later date when available. Under this arrangement, the Port takes on the risk of funding the project if RM3 is rejected by the courts. MTC staff is developing general RM3 guidelines for Commission adoption in the coming months that will include a LONP provision.

On October 7, the Port of San Francisco released a Request for Proposals for construction of the Mission Bay Ferry Landing project. Proposals are due in mid-November and construction activity is expected to begin in April 2020. Port and WETA staff are working on a funding agreement and amendment to the current Memorandum of Understanding between the two agencies that covers project planning and design activities. The Port has a goal of completing construction in time to support service operation no later than January 2022.

Vessels

WETA will need to purchase two small vessels to initiate new Mission Bay small vessel commute-period service. Procurement of small vessels to operate Mission Bay service and provide spare capacity is feasible within the assumed development timetable for the project if staff begins the process of developing vessel specifications and other pre-construction activities in the next few months.

The Mission Bay service is anticipated to require a single vessel to begin operations and a spare vessel could be shared with the Treasure Island service, if that service is developed. Conventional diesel small vessels are currently assumed to cost \$3.5 million each. As a result, the cost assumption for new conventional diesel small vessels to support Mission Bay service is \$5.25 million – a single vessel plus half the cost of a shared spare.

ATTACHMENT B

PROJECT DESCRIPTIONS

Staff continues to work on a concept to utilize electric vessel technology for the Mission Bay service. This will ultimately require adjustment to the design of the Mission Bay Ferry Landing and an increase in the vessel cost. Small electric vessels are estimated to cost closer to \$4.3 million each, resulting in a Mission Bay vessel cost of \$6.45 million. Charging infrastructure is estimated to cost between \$2.5 to \$3.25 million.

Staff is working to identify potential grant or other funding opportunities to support the construction of conventional or all-electric ferries (and supporting infrastructure) to operate new Mission Bay service. In the event that funds are not secured for small vessel construction in the near-term, it is possible that the service could be started with a spare Gemini-class vessel if necessary, but at a higher operating cost and impact to WETA's spare back-up vessel fleet.

Project Costs

Capital Cost

- Terminal - \$25 million future RM3 capital committed initially through a Letter of No Prejudice
- Vessels - \$5.25 million for 1.5 vessels
- Electrification Package – upgrading to electric vessel is estimated to add \$1.2 million for (1.5) vessels and require an additional \$2.5 to \$3.25 million for float modifications and charging infrastructure.

Operating Cost

Staff estimates that it will cost approximately \$1.7 million in net new operating subsidy to operate new small vessel service beginning in FY 2022/23, and \$2.64 million over the 3-year planning period. As the result of interlining opportunities with other services, staff estimates that of that total approximately \$1.1 million in expenses would be dedicated to Mission Bay operations with the balance distributed between Pier 41, Seaplane Lagoon and Oakland Estuary services.

ATTACHMENT B

PROJECT DESCRIPTIONS

Expansion Service Project 3: Treasure Island Ferry Service

PROJECT DESCRIPTION

Service Description

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.

Staff recently met with representatives from the San Francisco County Transportation Authority (SFCTA), the Treasure Island Development Authority and the Wilson Meany, the private developer for Treasure Island. The meeting was an opportunity to discuss plans for the immediate and long-term future of ferry service to Treasure Island.

Currently, the SFCTA is assuming that public ferry service to Treasure Island will begin in Fiscal Year 2023/24 when sufficient revenues will be generated through the development program to pay for operating expenses. In the interim, staff has been told that the developer may provide limited private ferry service as a way to initiate ferry service as new housing comes on-line. Based upon conversations with SFCTA, it is anticipated that beginning in July 2023, the Treasure Island transportation program will be able to cover expenses for commute-period small vessel ferry service operated by WETA. As development increases and demand for ferry service grows, WETA would work with the Treasure Island Mobility Management Authority (TIMMA) to enhance service through additional small vessels or larger vessels, depending on available operating funding generated by TIMMA.

Terminal Construction

The Treasure Island Ferry Terminal is currently under construction and is anticipated to be completed in late 2021.

Vessels

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. 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. Conventional diesel small vessels are currently assumed to cost \$3.5 million each. As a result, the cost assumption for new conventional diesel small vessels to support Mission Bay service is \$5.25 million – a single vessel plus half the cost of a shared spare.

Staff continues to work on a concept to utilize electric vessel technology for the Treasure Island (and Mission Bay) service. This will ultimately require adjustment to the design of the Treasure Island Terminal and an increase in the vessel cost. Small electric vessels are estimated to cost closer to \$4.3 million each, resulting in an initial Treasure Island vessel cost of \$6.45 million. Charging infrastructure is estimated to cost between \$2.5 to \$3.25 million.

ATTACHMENT B

PROJECT DESCRIPTIONS

Staff is working in conjunction with SFCTA staff to identify potential grant or other funding opportunities to support the construction of conventional or all-electric ferries (and supporting infrastructure) to operate new Treasure Island service as a part of its ongoing conversations with City of San Francisco staff about this project.

Project Costs

Capital Cost

- Terminal – the terminal is being funded and constructed by the developer.
- Vessels - \$5.25 million for 1.5 vessels
- Electrification Package – upgrading to electric vessel is estimated to add \$1.2 million for (1.5) vessels and require an additional \$2.5 to \$3.25 million for float modifications and charging infrastructure.

While it is not WETA's responsibility to fund the Treasure Island ferry service capital program, staff believes that working together to seek funds for vessels and leading the construction of these vessels is a positive and productive way to collaborate with SFCTA and TIMMA to keep the development of new public Treasure Island ferry service moving forward.

Operating Cost

Treasure Island ferry service operating costs are assumed to be the responsibility of TIMMA, using revenues generated by fares, tolls, parking fees and developer contributions. WETA staff is working with SFCTA to identify annual operating cost and subsidy needs as they refine the transportation program for Treasure Island and solidify the funding component.

ATTACHMENT B
PROJECT DESCRIPTIONS

Fleet Expansion – Purchase New 300 Passenger Vessel

Project Description

On October 4, 2018, the Board approved award a contract award to Mavrik Marine, Inc. for the construction of a high-speed 300-passenger vessel with an option for a second ferry. 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.

The first vessel, Dorado, is under construction and expected to be delivered in Spring 2020. Staff is highly satisfied with the quality and progress of the vessel construction and had hoped to be in a position to recommend that the Board exercise the option for a second vessel this Fall. Given the status of the construction of the first vessel, now would be a good time to exercise the second vessel option if interested.

Staff continues to evaluate WETA's ability to 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 excess carryover funds to support 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 as demand grows and new operating funds are made available.

Project Cost

Capital Cost

Vessels – \$15 million