

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.

In response to a question from Vice Chair Wunderman about the process to determine who would build the new terminal, Mr. Iwashita explained that the Port of San Francisco was the lead on the project and would be using a Construction Manager General Contractor (CMGC) to assure a schedule guarantee and price certainty. Vice Chair Wunderman offered another option to consider, especially with regard to the funding of the construction, that had already been successfully utilized by the University of California, Merced in which the University partnered with a private entity to finance and construct the campus which ultimately would be wholly owned by the new school.

Director DelBono asked if the Port utilized Project Labor Agreements, similar to what WETA uses for major projects, and 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