

Members of the Board

James Wunderman, Chair
Jeffrey DelBono
Anthony J. Intintoli, Jr.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
Thursday, May 7, 2020 at 1:30 p.m.**

AUDIO CONFERENCE ONLY:

**Call-in Number: 1-888-453-4395
Participant Passcode: 415 291 1675
This teleconference will be recorded.**

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

AGENDA

1. CALL TO ORDER – BOARD CHAIR
2. PLEDGE OF ALLEGIANCE/ROLL CALL
3. REPORT OF BOARD CHAIR **Information**
 - a. Chair's Verbal Report
4. REPORTS OF DIRECTORS **Information**

Directors are limited to providing information, asking clarifying questions about matters not on the agenda, responding to public comment, referring matters to committee or staff for information, or requesting a report to be made at another meeting.
5. REPORTS OF STAFF **Information**
 - a. Executive Director's Report on Agency Projects, Activities and Services
 - b. Monthly Review of Financial Statements
 - c. Federal Legislative Update
 - d. State Legislative Update
6. CONSENT CALENDAR **Action**
 - a. Board Meeting Minutes – April 9, 2020
 - b. Board Meeting Minutes – April 23, 2020
 - c. Approve Purchase of Commercial Insurance Policies for FY 2020/21
 - d. Overview of FY 2019/20 Financial Audit Scope and Process
7. TIRCP PROJECT OVERVIEW – ALL-ELECTRIC VESSEL AND SHORESIDE INFRASTRUCTURE FOR MISSION BAY **Information**
8. PROPOSED FERRY SERVICE RECOVERY APPROACH **Information**
9. FINANCIAL OUTLOOK – PRELIMINARY FY 2020/21 BUDGET **Information**

**Water Emergency Transportation Authority
May 7, 2020 Meeting of the Board of Directors**

10. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

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

CHANGES RELATED TO COVID-19

Consistent with Governor Gavin Newsom's Executive Order N-25-20, effective immediately and until further notice, meetings will be conducted through teleconference to promote social distancing and reduce the chance of COVID-19 transmission.

PUBLIC COMMENTS WETA welcomes comments from the public.

Public comment will be available via teleconference only. If you know in advance that you would like to make a public comment during the teleconference, please email BoardOfDirectors@watertransit.org with your name and item number you would like to provide comment on no later than 15 minutes after the start of the meeting. During the public comment period, speakers will be allotted no more than 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.

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

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.

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 an email with your request to: contactus@watertransit.org or by telephone: (415) 291-3377 as soon as possible and no later than 5 days prior to the meeting and we will work to accommodate access to the meeting.

AGENDA ITEM 1
CALL TO ORDER

AGENDA ITEM 2
ROLL CALL

AGENDA ITEM 3
REPORT OF BOARD CHAIR

AGENDA ITEM 4
REPORTS OF DIRECTORS

NO MATERIALS

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: May 7, 2020

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 waterjet propulsion vessels to support WETA's Vallejo and North Bay services. In December 2015, the Board approved a contract with Fast Ferry Management for vessel construction management services. In September 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 and 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, 2019. The second vessel, the MV *Vela* entered service on August 28, 2019. Construction and sea trials were completed for the third vessel MV *Lyra* in late February 2020, and the vessel transited safely to the Bay Area and arrived in Vallejo on March 2, 2020. Owner's Acceptance and local Coast Guard inspection have been completed and MV *Lyra* is in service.

Two New Commuter Class Vessels

This project will construct two mid-size high-speed passenger vessels with the versatility to support WETA's diverse system of routes and facilities constrained by vessel size and water depth. In March 2018, the Board approved a contract award to Glosten for construction management services to support vessel construction. In October 2018, the Board approved a contract award to Mavrik Marine, Inc. for construction of an initial vessel and in December 2019 approved construction of a second, optional vessel.

Keel laying and construction of the first vessel, MV *Dorado*, commenced on December 18, 2018. Hull plating and welding is complete, and the superstructure is being sandblasted, coated and painted. Insulation, plumbing and wiring work is in process, and propulsion components are being prepared for installation. All major equipment has been ordered, and there are no concerning long lead items left to be purchased. Final delivery is scheduled for August 2020. Construction of the second vessel will begin in early spring 2020 with the vessel expected to be completed in summer 2021. These build schedules could be impacted by the COVID-19 pandemic and local shelter-in-place orders.

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. The newly refurbished gangway and float for Gate E was completed and reinstalled in February, and Richmond service was transitioned from Gate F to Gate E on February 18.

Project construction which began in February 2017 is being provided by Power Engineering under a Guaranteed Maximum Price contract and construction management is being provided by Jacobs Engineering which was scheduled to be completed this month. In response to the March shelter-in-place order for San Francisco, Power Engineering suspended work on the project; however, work restarted on April 13 as a result of new social distancing work rules that the contractor was able to follow.

SERVICE DEVELOPMENT UPDATE

Mission Bay Ferry Landing

The Port of San Francisco (Port) released an engineering feasibility and site selection study for a future Mission Bay ferry landing in March 2016. Staff participated in the study and provided input regarding ferry operations and potential service models. In December 2016, the Port 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 of San Francisco and the Port placed \$7 million in its capital budget. A project Memorandum of Understanding (MOU) between the Port and WETA was adopted by the Board in January 2017, establishing roles and responsibilities for the joint development of this project. Staff has worked with Port staff and their consultants on initial design and environmental testing activities. The environmental document, final design and permitting are complete.

In October 2019, the Port released a Request for Proposals for a Construction Manager/General Contractor-at-risk contract structure and anticipates awarding an initial pre-construction contract in early 2020. In addition, in support of the eventual service, WETA staff submitted an application for state Transit and Intercity Rail Capital Program (TIRCP) funding to build a small all-electric ferry that could be operated as a shuttle to move people between the downtown ferry building and the new Mission Bay ferry landing.

In April 2019, the Port requested that WETA commit \$25 million of its future Regional Measure 3 funds to support terminal construction, estimated at the time to cost approximately \$40 million, in order to fully fund project construction. The Board received presentations from WETA and Port staff in June 2019 and January 2020. The Board authorized the Executive Director to enter into an MOU and a resolution for a Letter of No Prejudice (LONP) at the February 2020 Board meeting. On March 11, 2020, the MTC Programming and Allocations Committee considered the LONP request and referred a resolution to the Commission recommending approval. On March 25, 2020, Metropolitan Transportation Commission (MTC) approved the LONP request. Adoption of the MOU by the San Francisco Port Commission has yet to be scheduled for consideration. On March 11, 2020, the Port released invitations for bids for both dredging and site preparation. The Port awarded the contract at its April 28 Commission meeting. Dredging and site preparation is expected to begin in summer 2020. The Port will initiate separate procurements for construction management and terminal construction later this year. Construction work is anticipated to begin in 2021.

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. 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 satisfy the demand from San Francisco.

Alameda Seaplane Lagoon Ferry Terminal

In April 2016, the Board and Alameda City Council adopted an 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 of Alameda (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 (APP) - 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. APP has begun construction on the overall Site A project and a groundbreaking for construction of the new Seaplane Lagoon Ferry Terminal took place on September 12. The terminal float is currently being installed at the terminal location by Power Engineering. Staff is working with APP and City staff to support the construction effort and to develop plans for new service. The Board and Alameda City Council adopted an Operating Agreement in December 2019 that supports transfer of the terminal waterside assets to WETA upon completion and anticipates new service start-up in August 2020.

Staff has developed a marketing and outreach plan to support the new Seaplane Lagoon service and related changes to the Alameda/Oakland estuary services. The outreach campaign branded "Seaplane Shift" is developed but has been paused due to uncertainty surrounding the COVID-19 crisis.

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.

Redwood City is leading the 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 study, which kicked off in February 2019 meeting that included a consultant team and staff from the Port and Redwood City, along with WETA, is expected to be complete by summer 2020. As of March 2020, the Port, Redwood City and WETA have approved entering into a project MOU 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 (Berkeley) and WETA executed an 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. Berkeley has contracted with GHD to support the study which is expected to require 18 months to complete. WETA and Berkeley are involved in feasibility study activities, including evaluation of landside and waterside options for developing a terminal at the existing recreational pier site on the Berkeley waterfront. The first round of public workshops were scheduled to take place in late March. The City is considering moving outreach activities to an online forum to keep the study on schedule.

Treasure Island Ferry Service

WETA has worked with City of San Francisco staff for 10+ years to support development of the Treasure Island ferry terminal and service in conjunction with the City of San Francisco's efforts to develop the island. 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 the developer – has committed to implementing new ferry service between Treasure Island and downtown San Francisco consistent with the 2011 Treasure Island Transportation Implementation Plan.

Staff from SFCTA/TIMMA provided an update on the project and the transportation plan at the February and April 2019 Board meetings, indicating that they hoped to advance the start of ferry service to 2021. More recently, as confirmed in a January 2020 update to the Board, SFCTA/TIMMA staff has indicated that they anticipate being in a position to support launch of a new public Treasure Island ferry service in July 2023. They previously indicated that they were working toward a toll measure for TIMMA Board consideration in summer 2019, but this work has been deferred to 2020. In the meantime, the developer began construction of the ferry terminal in September 2019. Staff has been coordinating review of the terminal under construction with the Treasure Island developer to ensure that WETA vessels will be able to land at this terminal. In addition, staff has coordinated with SFCTA in our development of an application for state TIRCP funds to build a small all-electric ferry that could be operated on this route.

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 authorized a contract award to

AECOM, and staff has subsequently executed a professional services agreement for the study. The initial task for the consultant team was to review the 2011 WETA Hovercraft Feasibility Study and update areas such as technology, environmental performance and costs. Those draft results were reviewed by staff and returned to the consultants for finalization. WETA staff and consultants hosted Technical Advisory and Stakeholder Advocacy Workshops on February 26, 2020 to give local jurisdictions and interested stakeholders a chance to provide feedback to the study team and give input on the direction of the study. Staff presented an overview of the initial

work at the March 12 meeting. The next committee meetings will consider a select group of up to five routes to bring forward for detailed analysis and cost estimates.

Short Range Transit Plan

MTC 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 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 Federal Transit Administration grant processes. Pursuant to MTC requirements, staff has begun preparing an updated SRTP for FY 2019-20 to FY 2028-29. In November, an informational item of the SRTP update was provided to the Board. Staff presented a draft SRTP to the Board in April 2020 and the Board authorized release of this draft document for public comment. Staff has distributed the draft SRTP to Bay Area transportation agencies and public agency partners and posted it to the WETA website for comment. Staff will return to the Board with a final SRTP for adoption in June.

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:

- Most emergency response training and exercise planning has been put on hold due to the COVID-19 pandemic, including working with United States Coast Guard (USCG) to develop an active shooter program for ferry vessel crews and planning for the first annual Golden Eagle 2020 exercise which is scheduled for September. Staff hopes to resume work on these items as soon as possible.
- Response to COVID-19: WETA has partially activated its Emergency Operations Center in response to COVID-19 by staffing the Public Information Officer (PIO) and Liaison positions. Staff has also started the application process to request reimbursement from the Federal Emergency Management Agency for costs associated with cleaning the vessels and for the purchase of personal protective equipment. Staff will continue to provide accurate and timely information to the public and our partners and will assure that the agency is in a position to lean forward and take advantage of any funding opportunities and assistance.

OPERATIONS REPORT

Blue & Gold Fleet Contract Extension

At the March 19 meeting, the Board directed staff to develop a proposal for extending the Blue & Gold operating contract due to expire in 2021, as a means to maintain system operating continuity. Staff will evaluate the contract and work with Blue & Gold Fleet (Blue & Gold) in the coming months to identify terms prior to returning to the Board with a recommended contract amendment.

WETA Services and Blue & Gold Activities

WETA is offering limited Vallejo and Alameda/Oakland peak-period service to San Francisco during the shelter-in-place orders. This includes two morning and two afternoon trips between Vallejo and San Francisco and three morning and three afternoon trips between Alameda/Oakland and San Francisco.

In the fight against the spread of COVID-19, Blue & Gold has implemented preventive measures in their cleaning protocols to include more frequent cleaning with special attention on

disinfecting all high-touch surfaces and vessel fogging for all in-service vessels, as well as providing onboard hand sanitizer. Blue & Gold has followed all current public health orders including wearing masks and requiring customers to wear facial coverings while onboard, setting maximum rider capacity, displaying signage and placing queue markers on walkways and gangways to adhere to social distancing requirements. Blue & Gold has also developed a program for onsite crews to maintain operational readiness. Crews continue training and exercising with a focus on vessel and crew regulatory compliance, performing vessel and facility inspections and ensuring all boats rotate into service to keep up overall vessel readiness. Blue & Gold operations and engineering have worked together to develop a "COVID-19 Downtime Project/Work-list." This list is comprised of projects specific to engineering. These are projects that can be completed by both deck crew and engineering groups working together while adhering to the health directives and maintaining social distancing requirements.

Monthly Operating Statistics - The Monthly Operating Statistics Report for March 2020 is provided as **Attachment A**.

KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH

On April 2, 9 and 16, Thomas Hall participated in MTC-coordinated Joint Information Center (JIC) meetings regarding public information responses to the COVID-19 crisis.

On April 9, Kevin Donnelly participated in the San Francisco Bay Region Harbor Safety Committee monthly meeting.

On April 10, Lauren Gulate participated in the regional Business Outreach Committee monthly meeting.

On April 13, Thomas Hall participated in a planning meeting for the 2020 Vallejo Waterfront Weekend.

On April 13, Nina Rannells participated in the Clipper Executive Committee meeting held via Zoom teleconference.

On April 14, Lauren Gulate attended the Area Maritime Security Committee quarterly meeting.

On April 22, Thomas Hall participated in the monthly Visit Vallejo Board of Directors meeting.

On April 29, Lauren Gulate participated in the Title VI Working Group quarterly meeting.

OTHER BUSINESS

Regional Measure 3

In June 2018 Bay Area voters approved Regional Measure 3 (RM3) which raises Bay Area bridge 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 of 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, 2019, respectively. A Notice of Appeal was filed by the Howard Jarvis Taxpayers Association on May 20, 2019 and in the Whitney case on July 11, 2019. These two appeal cases were consolidated on October 9, 2019. The appellants' consolidated opening brief was filed on October 29, 2019. The respondents' consolidated opposition brief was filed on December 19, 2019. The appellants' reply brief was filed in January 2020. No date for hearing has been scheduled yet.

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. MTC staff has prepared general guidelines for RM3 program administration for the Commission, adopted in December 2019, that includes a process for allowing projects to move forward before RM3 funds are available under a Letter of No Prejudice (LONP). Staff is communicating with MTC to prepare to secure toll measure funds when they are available to support WETA's projects.

PROPSF California Public Utilities Commission Filing

On October 11, WETA filed a response to an application by PROPSF, LLC to amend its certificate of public convenience and necessity (CPCN) to allow PROPSF 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, PROPSF obtained a CPCN from the California Public Utilities Commission (CPUC) to provide scheduled vessel common carrier service for service routes between San Francisco, Berkeley, Emeryville 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, prearranged 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. PROPSF seeks to amend its 2016 CPCN to add authorization to provide unscheduled, prearranged 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 the further definition 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. PROPSF has replied to WETA's response asserting that no further California Environmental Quality Act (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 held a pre-hearing conference on February 4 to determine whether a hearing will be necessary and, if so, on what issues. On March 2, the CPUC Commissioner assigned to this case issued a scoping memo that specified several issues for further briefing, which include 1) the impacts of the proposed service on public ferry services; 2) whether the CPUC should impose conditions on the service and 3) whether further CEQA review is necessary. WETA submitted an opening brief on March 20, and a reply to PROPSF's opening brief on March 30. 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 March 2020

	Alameda/ Oakland	Harbor Bay **†	Richmond †	South San Francisco †	Vallejo	Systemwide
Vs. last month	Total Passengers March 2020	11,896	7,125	4,746	34,277	94,595
	Total Passengers February 2020	27,766	16,929	12,477	77,251	231,651
	Percent change	-57.16%	-57.91%	-61.96%	-55.63%	-59.16%
Vs. same last year	Total Passengers March 2020	11,896	7,125	4,746	34,277	94,595
	Total Passengers March 2019	30,563	13,867	12,196	82,915	239,639
	Percent change	-61.08%	-48.62%	-61.09%	-58.66%	-60.53%
Vs. prior FY to date	Total Passengers Current FY To Date	246,657	157,520	103,798	770,920	2,278,527
	Total Passengers Last FY To Date	261,504	35,764	105,452	786,131	2,195,792
	Percent change	-5.68%		-1.57%	-1.93%	-1.81% **
Ops Stats	Avg Weekday Ridership March 2020	1,081	648	431	1,456	5,097
	Passengers Per Hour March 2020	113	74	95	77	88
	Revenue Hours March 2020	105	96	50	446	1,072
	Revenue Miles March 2020	1,806	1,386	903	12,321	21,233
	Farebox Recovery Year-To-Date	43%	30%	35%	61%	57%
	Cost per Available Seat Mile – March 2020	\$0.51	\$0.71	\$1.02	\$0.24	\$0.35
	Average peak hour utilization, AM – March 2020 ††	43%	38%	33%	56%	43%
	Average peak hour utilization, PM – March 2020 ††	52%	50%	42%	52%	50%
	Fuel Used (gallons) – March 2020	13,048	13,081	7,362	127,578	209,936
	Avg Cost per gallon – March 2020	\$2.06	\$2.06	\$2.06	\$1.97	\$1.98

* Includes Harbor Bay-South San Francisco pilot. March ridership: 12 boardings.

**Systemwide percent change in boardings vs prior FY to date does not include Richmond.

† Based on service through March 16 for Harbor Bay, Richmond, and South SF routes.

†† Based on utilization through March 16.

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2019/20 Financial Statements for Nine Months
Ending March 31, 2020

Recommendation

There is no recommendation associated with this informational item.

Summary

This report provides the attached FY 2019/20 Financial Statements for nine months ending March 31, 2020.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenues	\$15,965,367	\$18,390,000	\$16,919,068
Bridge Toll Revenues	14,048,119	16,606,725	13,868,759
Contra Costa Measure J	696,735	2,481,150	2,055,498
Other Revenues	10,238	548,550	26,470
Total Operating Revenues	\$30,720,460	\$38,026,425	\$32,869,794
Expenses - Year To Date:			
Planning & Administration	\$1,681,481	\$2,250,000	\$1,566,906
Ferry Services	29,038,979	35,776,425	31,302,888
Total Operating Expenses	\$30,720,460	\$38,026,425	\$32,869,794
System-Wide Farebox Recovery %	55%	51%	54%

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2019/20 Budget
Revenues:		
Federal Funds	\$17,055,973	
State Funds	15,005,480	
Bridge Toll Revenues	5,105,488	
Other Revenues	804,752	
Total Capital Revenues	\$37,971,693	50.75%
Expenses:		
Total Capital Expenses	\$37,971,693	50.75%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

This Page Left Intentionally Blank

San Francisco Bay Area Water Emergency Transportation Authority
FY 2019/20 Statement of Revenues and Expenses
For Nine Months Ending 3/31/2020

% of Year Elapsed 75%

	Mar-20 Actual	FY2018/19 Actual	FY2019/20 Budget	FY2019/20 Actual	Total FY2019/20 Budget	% of Total Budget
OPERATING EXPENSES						
<u>PLANNING & GENERAL ADMIN:</u>						
Wages and Fringe Benefits	\$132,079	\$941,785	\$1,131,675	\$1,193,226	\$1,508,900	79.1%
Services	81,684	737,051	1,326,675	757,102	1,768,900	42.8%
Materials and Supplies	3,759	74,037	46,800	9,141	62,400	14.6%
Utilities	3,432	32,573	38,625	32,828	51,500	63.7%
Insurance	-	1,200	21,450	1,046	28,600	3.7%
Miscellaneous	818	173,314	82,200	45,924	109,600	41.9%
Leases and Rentals	32,901	287,207	288,900	292,350	385,200	75.9%
Admin Overhead Expense Transfer	(85,194)	(565,685)	(686,325)	(764,712)	(915,100)	83.6%
Sub-Total Planning & Gen Admin	\$169,479	\$1,681,481	\$2,250,000	\$1,566,906	\$3,000,000	52.2%
<u>FERRY OPERATIONS:</u>						
<u>Harbor Bay FerryService (AHBF)</u>						
Purchased Transportation	\$149,869	\$1,964,278	\$1,897,425	\$1,729,782	\$2,529,900	68.4%
Fuel - Diesel & Urea	27,013	352,456	417,375	394,079	556,500	70.8%
Other Direct Operating Expenses	45,134	409,137	591,750	389,093	789,000	49.3%
Admin Overhead Expense Transfer	9,370	68,998	75,675	84,240	100,900	83.5%
Total Harbor Bay	\$231,385	\$2,794,869	\$2,982,225	\$2,597,193	\$3,976,300	65.3%
Farebox Recovery - AHBF	24%	45%	45%	43%	45%	
<u>Alameda/Oakland Ferry Service (AOFS)</u>						
Purchased Transportation	\$714,566	\$6,790,635	\$7,191,375	\$6,725,435	\$9,588,500	70.1%
Fuel - Diesel & Urea	95,528	1,339,868	1,618,650	1,406,371	2,158,200	65.2%
Other Direct Operating Expenses	160,421	1,409,225	2,070,075	1,433,638	2,760,100	51.9%
Admin Overhead Expense Transfer	38,169	247,969	307,200	342,423	409,600	83.6%
Total Alameda/Oakland	\$1,008,684	\$9,787,697	\$11,187,300	\$9,907,867	\$14,916,400	66.4%
Farebox Recovery - AOFS	21%	57%	57%	59%	57%	
<u>Vallejo FerryService (Vallejo)</u>						
Purchased Transportation	\$837,953	\$8,029,543	\$8,900,850	\$8,263,931	\$11,867,800	69.6%
Fuel - Diesel & Urea	251,819	3,685,052	4,749,450	3,681,587	6,332,600	58.1%
Other Direct Operating Expenses	173,389	1,142,886	1,842,300	1,443,445	2,456,400	58.8%
Admin Overhead Expense Transfer	28,797	207,103	231,900	258,557	309,200	83.6%
Total Vallejo	\$1,291,958	\$13,064,583	\$15,724,500	\$13,647,520	\$20,966,000	65.1%
Farebox Recovery - Vallejo	38%	62%	57%	61%	57%	
<u>South San Francisco FerryService (SSF)</u>						
Purchased Transportation	\$151,351	\$1,872,327	\$1,804,425	\$1,573,203	\$2,405,900	65.4%
Fuel - Diesel & Urea	15,208	265,426	335,475	278,888	447,300	62.3%
Other Direct Operating Expenses	37,102	314,876	371,775	313,544	495,700	63.3%
Admin Overhead Expense Transfer	4,089	35,419	32,775	37,060	43,700	84.8%
Total South San Francisco	\$207,750	\$2,488,048	\$2,544,450	\$2,202,696	\$3,392,600	64.9%
Farebox Recovery - SSF	15%	31%	35%	35%	35%	
<u>Richmond FerryService (Richmond)</u>						
Purchased Transportation	\$170,521	\$729,674	\$2,556,600	\$2,207,401	\$3,408,800	64.8%
Fuel - Diesel & Urea	26,956	85,052	414,300	353,184	552,400	63.9%
Other Direct Operating Expenses	42,520	82,860	328,275	344,594	437,700	78.7%
Admin Overhead Expense Transfer	4,769	6,196	38,775	42,432	51,700	82.1%
Total Richmond	\$244,765	\$903,783	\$3,337,950	\$2,947,612	\$4,450,600	66.2%
Farebox Recovery - Richmond	17%	23%	26%	30%	26%	
Sub-Total Ferry Operations	\$2,984,543	\$29,038,979	\$35,776,425	\$31,302,888	\$47,701,900	65.6%
Farebox Recovery - Systemwide	28%	55%	51%	54%	51%	
Total Operating Expenses	\$3,154,022	\$30,720,460	\$38,026,425	\$32,869,794	\$50,701,900	64.8%
OPERATING REVENUES						
Fare Revenue	\$839,344	\$15,965,367	\$18,390,000	\$16,919,068	\$24,520,000	69.0%
Regional - Bridge Toll	2,110,534	14,048,119	16,606,725	13,868,759	22,142,300	62.6%
Regional - Contra Costa Measure J	203,527	696,735	2,481,150	2,055,498	3,308,200	62.1%
Regional - Alameda Tax & Assessment	-	-	546,000	-	728,000	0.0%
Other Revenue	616	10,238	2,550	26,470	3,400	0.0%
Total Operating Revenues	\$3,154,022	\$30,720,460	\$38,026,425	\$32,869,794	\$50,701,900	64.8%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2019/20 Statement of Revenues and Expenses
For Nine Months Ending 3/31/2020

Project Description	Mar-20 Total	Total Project Budget	Total Prior Expense	Total FY2019/20 Budget	Total FY2019/20 Expense	Total Future Year	% of Total Project Budget Spent
CAPITAL EXPENSES:							
<u>FACILITIES:</u>							
Terminal Construction							
Downtown Ferry Terminal Expansion - South Basin	\$145,837	\$97,965,000	\$78,915,751	\$19,049,249	\$15,628,978	\$0	97%
Maintenance and Operations Facilities							
Ron Cowan Central Bay Operations & Maintenance Facility	1,735	69,500,000	63,197,399	6,302,601	999,515	-	92%
Terminal Improvement							
Install Mooring Piles - Harbor Bay Terminal	2,549	251,500	-	251,500	10,371	-	4%
Terminal Signage and Wayfinding - East Bay Terminals	-	135,000	-	135,000	-	-	0%
<u>FERRY VESSELS:</u>							
Vessel Construction							
445-Pax Expansion (Waterjet) Vessels - 2 vessels	2,155,151	46,745,000	28,771,355	17,973,645	13,781,700	-	91%
400-Pax Expansion (Propeller) Vessels - 2 vessels	-	33,400,000	32,943,928	456,072	-	-	99%
New Commuter Class High-Speed Vessels - 2 vessels	26,719	30,082,500	7,421,609	7,878,391	3,040,348	14,782,500	35%
Vessel Replacement - M/V Solano and MV Bay Breeze ¹	12,038	34,600,000	145,099	16,000,901	60,411	18,454,000	1%
Vessel Rehabilitation and Refurbishment							
Vessel Engine Overhaul - M/V Intintoli and M/V Mare Island	434,780	3,000,000	877,961	2,122,039	1,333,227	-	74%
Vessel Qtr-Life Refurbishment - M/V Scorpio	494,974	3,005,350	70,062	2,935,288	2,536,446	-	87%
Vessel Engine Overhaul - M/V Taurus	39	800,000	198,928	601,072	251,334	-	56%
Vessel Engine Overhaul - M/V Argo and M/V Carina	224	240,000	-	240,000	59,653	-	25%
Vessel Engine Overhaul - M/V Gemini	123,771	515,350	-	515,350	241,585	-	47%
Vessel Engine Overhaul - M/V Pyxis	-	170,000	-	170,000	-	-	0%
<u>CAPITAL EQUIPMENT / OTHER:</u>							
Purchase Service Vehicles	-	185,000	-	185,000	28,125	-	15%
Total Capital Expenses	\$3,397,816	\$320,594,700	\$212,542,090	\$74,816,110	\$37,971,693	\$33,236,500	
CAPITAL REVENUES:							
Federal Funds	\$2,556,663	\$62,810,843	\$22,485,494	\$33,068,849	\$17,055,973	\$7,256,500	63%
State Funds	171,107	195,739,257	151,568,893	31,375,649	15,005,480	12,794,715	85%
Regional - Bridge Toll	541,474	47,127,980	37,593,689	8,732,479	5,105,488	801,812	91%
Regional - Alameda Sales Tax Measure B / BB	101,402	2,201,070	14,014	1,032,633	514,381	1,154,423	24%
Regional - Alameda TIF / LLAD / HBBPA	2,549	386,500	-	386,500	10,371	-	3%
Regional - San Francisco Sales Tax Prop K	24,622	1,100,000	880,000	220,000	280,000	-	105%
Other - Proceeds from Sale of End-of-Life Vessels	-	11,229,050	-	-	-	11,229,050	0%
Total Capital Revenues	\$3,397,816	\$320,594,700	\$212,542,090	\$74,816,110	\$37,971,693	\$33,236,500	

¹ On 3/12/2020, Board approved establishing a consolidated project, totaling \$34.6 million, for the combined Vessel Replacement - MV Solano and MV Bay Breeze.

TO: WETA Board Members

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

SUBJECT: WETA Federal Legislative Board Report – May 2020

NOTE: Given the extraordinary circumstances surrounding the COVID-19 pandemic, the scope of related Congressional action and the diverse interests of the Board, this report covers issues directly related to funding for public ferries as well as issues that more generally affect the San Francisco Bay Area.

This report covers the following topics:

1. Support for WETA FTA Grant Application
2. COVID-19 Legislation – Where Things Stand Right Now
3. Timing of the Next COVID-19 Legislation
4. Funding for State and Local Government
5. What Will Funding for State and Local Government Look Like?
6. Funding for Long-Term Stimulus, Including Transportation and Infrastructure
7. For Reference: Summary of Federal Legislative Responses to the COVID-19 Crisis

Support for WETA FTA Grant Application

We are continuing to work with San Francisco Bay area Congressional offices to provide support for WETA's application to the Federal Transit Administration (FTA) for \$4,456,000 to refurbish the Alameda Ferry Terminal. While activity related to the COVID-19 response has taken up nearly all of the bandwidth in many Congressional offices, we have received letters of support from Speaker Nancy Pelosi, Senator Dianne Feinstein and Representatives John Garamendi and Barbara Lee.

The deadline for submitting applications to the Federal Transit Administration (FTA) for funding through the ferry grant program was extended to April 29.

COVID-19 Legislation – Where Things Stand Right Now

Since March 3, Congress has provided approximately \$4 trillion to respond to the COVID-19 pandemic, providing funding to health care providers to respond to the health care crisis, to government agencies to expand coronavirus testing capability and federal agency COVID-19 response capacity, to states to prop up government safety-net programs, to transit agencies to maintain operations and to businesses to keep them afloat while shelter-in-place orders and social distancing requirements are in effect.

Congress has passed four separate pieces of legislation (detailed below) – in every instance, discussion about the next COVID-19 legislation got underway before each of the four bills were signed into law. That was certainly the case with the most recent COVID-19 legislation, where the debate centered on whether Congress should provide additional funding to state and local government. Ultimately, Congress passed legislation to replenish funding for SBA programs, provide support to health care providers and bolster testing capacity but chose to put off the debate about state and local funding.

The question is now what happens next, and when. This report provides some insight into those questions.

Timing of the Next COVID-19 Legislation

While there appears to be general agreement that Congress will in fact take up another COVID-19 bill, there is little agreement as to when that might be or what will be in that bill. With expectations that the influx in SBA money will run out within days, there may be pressure for Congress to act soon. However, Senate Majority Leader Mitch McConnell (R-KY) has told reporters that Congress should “press the pause button” on any new aid and that Congress must be in town to pass the next coronavirus bill. While Senators are scheduled to return to Washington, D.C. next week, the House will remain in recess indefinitely.

Bottom line: Assuming Congress does move to take up another COVID-19 legislative package, it could come in weeks or months – nobody knows the exact timeline.

Funding for State and Local Government

While state and local funding was left out of the most recent COVID-19 bill, Speaker Pelosi had made this a major priority, and there seemed to be a general agreement at the time between Congress and the White House that state and local funding would be included in the next COVID-19 bill. In fact, we heard from a Democratic Senator that during negotiations on the most recent COVID-19 bill, an agreement was struck between Congressional leaders and Treasury Secretary Steven Mnuchin to have President Trump tweet his support for providing funding for state and local government in the next round. The President followed through on that commitment by tweeting the following on April 21:

“I urge the Senate and House to pass the Paycheck Protection Program and Health Care Enhancement Act with additional funding for PPP, Hospitals, and Testing. After I sign this Bill, we will begin discussions on the next Legislative Initiative with fiscal relief.... to State/Local Governments for lost revenues from COVID 19, much needed Infrastructure Investments for Bridges, Tunnels, Broadband, Tax Incentives for Restaurants, Entertainment, Sports, and Payroll Tax Cuts to increase Economic Growth.”

Less than a week later, the President seemed to reverse course, tweeting the following on April 27:

“Why should the people and taxpayers of America be bailing out poorly run states (like Illinois, as example) and cities, in all cases Democrat run and managed, when most of the other states are not looking for bailout help? I am open to discussing anything, but just asking?”

Meanwhile, the Senate Majority Leader suggested during an interview that Congress should let states go bankrupt rather than provide additional funds.

Bottom Line: Funding for state and local government – which would also flow money to fire departments, police departments and other first responders and public safety departments – continues to be the key issue heading into the next COVID-19 bill. Despite the fact that there is some resistance to providing additional funds to state and local governments, there appears to be bipartisan and bicameral support for doing so and much of the debate has been centered on how the money will flow to state and locals rather than whether the money will be provided.

What Will Funding for State and Local Government Look Like?

While the CARES Act provided \$150 billion through the Coronavirus Relief Fund, money only flowed to states and units of local government with populations exceeding 500,000 people. While some states have chosen to share some of their funding with smaller units of local government, in most cases, smaller cities and counties are reeling from lost revenue and trying to figure out how to cover fixed costs. As a result, there has been much discussion about how to ensure that funding is provided in the next COVID-19 bill for units of local government with populations under 500,000 (the only magic in the number being that it was the threshold for funding under the CARES Act).

There have been a number of proposals:

- Congressman Joe Neguse (D-CO) and Senator Martin Heinrich (D-NM) introduced legislation that would dedicate \$250 billion in funding for units of local government with populations under 500,000.
- A recent Senate proposal would have state and local money flow through the Community Development Block Grant (CDBG) formula. According to the CDBG formula, with 70% of funds would go to "entitlement areas," which are cities with populations of at least 50,000 or urban counties with populations of at least 200,000 and the other 30% would go to localities below those thresholds.
- Congressman John Garamendi (D-CA) is preparing to introduce legislation that would ensure that "special districts" receive funding, including water districts, sanitary districts, irrigation districts, park districts, harbor districts, community service districts, cemetery districts and mosquito abatement districts, among others.

Bottom Line: As with most things, the devil is in the details – how the next COVID-19 bill is structured will determine winners and losers.

Funding for Long-Term Stimulus, Including Transportation and Infrastructure

For the past several weeks, the expectation has been that the next COVID-19 legislation would broaden eligibility for certain programs created by the CARES Act and provide additional funding for individuals, companies, non-profits and state and local government and that the next COVID-19 bill would be followed later this year by a transportation and infrastructure package that would provide funding to promote longer term stimulus. Now we are getting signals that a fourth package could combine the two. As with most things in this town, there are mixed signals. President Trump continues to say that Congress should include infrastructure in the next COVID-19 package, a sentiment shared by many in Congress but opposed by the Senate Majority Leader. Meanwhile, Committee leaders in the House are preparing for any outcome.

Bottom Line: Regardless of how the process moves forward, we are continuing to work with members of the Public Ferry Coalition to seek an increase in funding for the FTA grant program from the current \$30 million annually to a level of \$90 million annually and will be continuing to advocate for additional funding for the Federal Highway Administration (FHWA) ferry formula program. To that end, we have been staying in touch with Bay Area members of Congress in order to keep these priorities front and center.

For Reference: Summary of Federal Legislative Responses to the COVID-19 Crisis

Congress has passed four pieces of emergency legislation since March 3 to address the economic and health care crisis created by COVID-19:

1. *Coronavirus Preparedness and Response Supplemental Appropriations Act* (P.L. 116-123): This bill, which was signed into law on March 3, focused largely on coronavirus testing capability and federal agency COVID-19 response capacity.
2. *Families First Coronavirus Response Act* (P.L. 116-127): This bill, which was signed into law on March 18, focused on paid sick and family leave, unemployment benefits and propping up government safety-net programs.
3. *Coronavirus Aid, Relief, and Economic Security Act, or CARES Act* (P.L. 116-138): This bill, which was signed into law on March 27, provides enhanced unemployment benefits, creates new loan programs for small businesses, provides significant funding to facilitate lending to companies of all sizes, provides for direct payments to U.S. taxpayers and includes individual and corporate tax provisions to help individuals and businesses through the crisis. The bill also includes provisions to give a boost to our nation's health care system and contains \$330 billion in supplemental appropriations for government agencies to help state, local and tribal governments respond to the COVID-19 crisis.
4. *Paycheck Protection Program and Health Care Enhancement Act* (P.L. 116-139): This bill, which was signed into law on April 24, replenishes the SBA Paycheck Protection Program (PPP) and Economic Injury Disaster Loan (EIDL) Program (both programs had run out of funding), provides additional funding for hospitals and healthcare providers to support the need for COVID-19 related expenses and lost revenue and increases funding for COVID-19 testing capacity.

Respectfully Submitted,

Peter Friedmann and Ray Bucheger



NOSSAMAN LLP | Memorandum

TO: WETA Board of Directors

FROM: Nossaman LLP - Nate Solov
Jennifer M. Capitolo & Associates – Jennifer Capitolo

DATE: April 24, 2020

RE: May 2020 - Legislative Update

WETA Awarded \$9 Million Grant

Our state lobbying team worked with WETA staff on a grant to fund our electric ferry initiative. On April 21 we were awarded a \$9 million grant from the California State Transportation Agency (CalSTA) to build an all-electric passenger ferry to serve the Mission Bay neighborhood of San Francisco. The grant, awarded through CalSTA's Transit and Intercity Rail Capital Program, will fund the design and construction of both the battery-electric, zero-emission ferry as well as the shoreside charging infrastructure required to operate the vessel. This ferry will be WETA's first all-electric vessel. The agency plans to have the vessel built and in service by 2022.

2020 Legislative Session and COVID-19

The Legislature is scheduled to reconvene on May 4 to prepare for the June 15 deadline to pass a budget; however, there are indications that the return date may once again be delayed to late May. Once they return, the Legislature is planning to begin legislative hearings on bills related to COVID-19 response.

Initial budget oversight hearings by the Senate on April 16 (Budget and Fiscal Review Special Budget Subcommittee on COVID-19 Response) and the Assembly on April 20 (Budget Process Oversight and Program Evaluation) indicate that the state has entered into a recession that could last for several budget cycles. Because of the tax deadline delay it will likely be months before we have a clearer picture on the 2020/2021 budget. The state's \$18 billion rainy day fund will help but cuts will still likely need to be made depending on the severity of the recession. The Legislature is considering a baseline budget or a continuation of last year's spending until there is more of an understanding of California's fiscal standing.

COVID-19 Emergency Funding for Transit

Federal

On March 27, the Federal CARES Act was approved providing \$25 billion for public transit assistance across the country and approximately \$1.3 billion to the Bay Area region.

On April 22, MTC approved the distribution formula for the first portion of these funds, covering 61% of the total, or \$7808 million for the Bay Area region. WETA will receive \$12.5 million of this distribution and is in the process of securing funds through a grant making process with the Federal Transit Administration (FTA) that takes approximately 60 days.

State

On Friday, March 20, WETA submitted a letter to the Governor requesting \$4 million in funding for WETA to fulfill the directives in the COVID-19 State of Emergency and stay-at-home executive orders while also maintaining our emergency response capabilities. Due to the large needs for financial assistance COVID-19 issues and the fact that WETA will receive financial

relief from the federal CARES Act program, WETA is not likely to receive financial assistance from the state to support WETA's emergency response function.

Additional COVID-19 Updates

On March 26, WETA sent a letter as provided in **Attachment A** to the California Air Resources Board asking them to extend their comment period for Proposed Concepts for Commercial Harbor Craft due to the issues surrounding COVID-19. This letter was also distributed to Assemblymember Frazier and Senator Beall's offices as well as to the Governor's office. Since then, CARB has extended the deadline for comments one month. Assemblymember Frazier has requested that they suspend the development and implementation of all proposed regulations and regulatory concepts until after January 1, 2021 and consider delaying existing milestones in adopted regulations as we all grapple with the long-term recovery of the COVID-19 crisis. We are in support of Assemblymember Frazier's proposal and will consider additional steps to push for an additional extension.

On April 21, 31 legislators signed a letter, included as **Attachment B**, requesting that CARB delay all pending regulations until January 2021 so agencies can appropriately focus and respond to COVID-19 related issues.

WETA Sponsored Legislation – AB 2995

Due to a restriction on legislation advancing in 2020 unless it's related to COVID-19, AB 2995 will likely have to wait until the 2021 legislative session to advance the reforms requested by WETA. The bill was amended on May 1 with WETA's reforms and is publicly available. We're also working with PUC staff to determine if reforms can be made to address the reforms contained in the legislation.

2020 Legislative Watch

As of May 1, it appears that all of the bills that we were tracking below will not be heard this session. We will confirm this next month.

AB 1350 (Gonzalez Fletcher) would require transit agencies to offer free youth transit passes to persons 18 years of age and under in order to be eligible for state funding under the Mills-Deddeh Transit Development Act, the State Transit Assistance Program or the Low Carbon Transit Operations Program. WETA should begin to analyze costs to implement this measure.

AB 2012 (Chu) would require transit agencies to offer free senior transit passes to persons over 65 years of age in order to be eligible for state funding under the Mills-Deddeh Transit Development Act, the State Transit Assistance Program and the Low Carbon Transit Operations Program. Again, WETA should begin to analyze costs to implement this measure.

AB 2057 (Chiu) is a spot bill which will be amended to include a proposal by Seamless Bay Area to require public transit systems to work together to integrate transit schedules.

AB 2176 (Holden) would require transit agencies to offer free student transit passes to persons attending the California Community Colleges, the California State University or the University of California in order to be eligible for state funding under the Mills-Alquist-Deddeh Act, the State Transit Assistance Program or the Low Carbon Transit Operations Program. WETA should begin to analyze costs to implement this measure.

SB 883 (Monning) would conform California's statutory definition of "for-hire vessel" to United States Coast Guard standards in order to address a discrepancy that allows certain for-hire passenger vessel captains with fewer than three passengers to avoid California licensure. Sponsored by the State Sheriff's Association.

Funding for WETA's Priority Projects

Caltrans: Sustainable Communities Transportation Planning Grant

Title of Project: Transit Planning for Zero Emission Ferry Vessels

Submitted: October 17, 2019

Amount Requested: \$309,855 with a local match of \$40,145 for a total project cost of \$350,000.

Expected Awards: Spring 2020

CalSTA: Transit and Intercity Rail Capital Program (TIRCP)

Title of Project: Going Green: Expansion of WETA Ferry Services – Mission Bay & Treasure Island

Submitted: January 16, 2020

Amount Requested: \$18.12 million

On April 21, CalSTA announced award of \$9.06 million to WETA for the Mission Bay vessel.



BY EMAIL

March 26, 2020

Mr. Richard Corey, Executive Officer
California Air Resources Board
1001 I Street
Sacramento, CA 95814
Richard.Corey@arb.ca.gov

SUBJECT: Comments on Proposed Concept for Commercial Harbor Craft in California - Request to Delay Comment Period in Consideration of the COVID-19 Crisis

Dear Mr. Corey:

The San Francisco Bay Area Water Emergency Transportation Authority (WETA) is a regional public transit agency tasked by the California Legislature both with operating ferry service on the San Francisco Bay and with coordinating the water transit response to regional emergencies. WETA is at the forefront of environmental innovation as the first-of-its-kind operator to be testing Tier-4 engines on some of its fleet. In addition, WETA is committed to using the best available control technologies on all of its vessels. This comes at considerable cost, but WETA is committed to environmental stewardship in its provision of public ferry transit to the Bay Area.

It is impossible to overstate the impact the ongoing COVID-19 pandemic is having on WETA's operations. WETA's focus on its core functions during the Shelter in Place Orders makes it impossible at this time to provide thoughtful and complete comments on the California Air Resources Board's (CARB) Proposed Concepts for Commercial Harbor Craft in California (Proposed Concepts). Accordingly, we strongly urge CARB to delay the public comment period associated with CARB's Proposed Concept until the Public Health Emergency is no longer in effect and we have had time to address the resulting immediate and near-term impacts of the pandemic on our operations and finances. At such time, WETA looks forward to collaborating with CARB to address what we believe are significant feasibility and affordability concerns that will require adjustments to the Proposed Concept.

We respectfully ask that CARB acknowledge the ongoing crisis and delay the comment period for six months to twelve months. Thank you for your consideration of our request and your understanding of our singular focus on our operations at this time.

Sincerely Yours,

A handwritten signature in dark ink that reads "Nina Rannells". The signature is fluid and cursive, with the first name "Nina" and last name "Rannells" clearly distinguishable.

Nina Rannells
Executive Director
San Francisco Bay Area Water Emergency Transportation Authority

c: Honorable Jim Beall, Chair, Senate Transportation Committee
Honorable Jim Frazier, Chair, Assembly Transportation Committee

CALIFORNIA LEGISLATURE

STATE CAPITOL
SACRAMENTO, CALIFORNIA
95814

April 21, 2020

Mary D. Nichols, Chair
California Air Resources Board
1001 I Street
Sacramento, CA 95814

Re: Rulemaking Impacting Essential Services Freight Transportation

Dear Chair Nichols,

The COVID-19 crisis has posed a fundamental threat to California's public health and our economy. In light of the economic impacts of this extraordinary event, it is imperative that the state government not only commit to slowing the spread of the virus, but also take the steps needed to protect our state's economy and employment opportunities for our working families.

Preserving the operations of our freight transportation system will be key to protecting our economy, keeping medical supplies moving, and ensuring that products are available on our store shelves during this unprecedented crisis. We thank Governor Newsom for recognizing that our goods movement industry and supply chains are "essential services" that must remain up and running during the pandemic. Without a fully functioning supply chain, we risk disrupting the delivery of critical medical supplies, the distribution of groceries, and billions of dollars in personal income, job opportunities, and tax revenue.

As such, we request that the California Air Resources Board (CARB) put all current and proposed rulemakings regarding freight transportation and harbor craft on hold until January 2021. This will ensure that the state can focus our essential transportation assets on delivering critical goods and providing transportation mobility options during this crisis.

We share CARB'S goal of protecting our air quality and the belief that we must base any new regulations on science, facts, air quality modeling, cost-effectiveness, and minimizing any negative impact on the statewide economy.

Over the past several weeks, COVID-19 has fundamentally transformed life as we know it in California, and it may take several months after the conclusion of this crisis before we can understand what the new baseline of our economy and environment will look like. Therefore, it is necessary for regulators to pause and reevaluate any proposed regulations based on our new reality once the crisis has subsided.

We are hopeful that by January 2021, we can evaluate COVID-19's impact on our state and work together to achieve the best environmental and economic outcomes for all Californians.

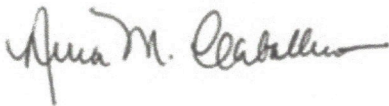
Sincerely,



Patrick O'Donnell
Assembly District 70



Patricia C. Bates
Senate District 36



Anna M. Caballero
Senate District 12



Wendy Carrillo
Assembly District 51



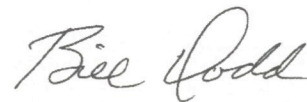
Phillip Chen
Assembly District 55



Jordan Cunningham
Assembly District 35



Tom Daly
Assembly District 69



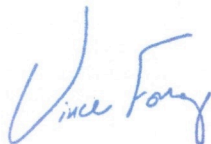
Bill Dodd
Senate District 3



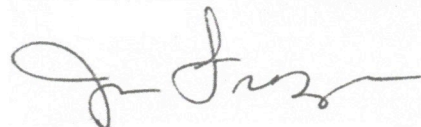
Tyler Diep
Assembly District 72



Heath Flora
Assembly District 12



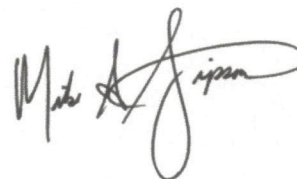
Vince Fong
Assembly District 34



Jim Frazier
Assembly District 11



James Gallagher
Assembly District 3



Mike A. Gipson
Assembly District 64



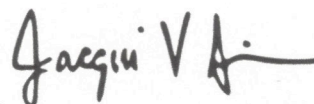
Timothy S. Grayson
Assembly District 14



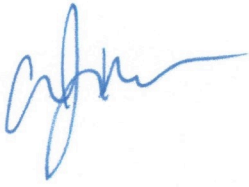
Shannon Grove
Senate District 16



Melissa Hurtado
Senate District 14



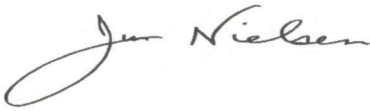
Jacqui Irwin
Assembly District 44



Chad Mayes
Assembly District 42



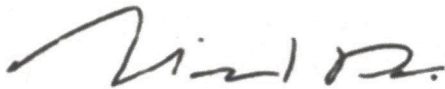
John M. W. Moorlach
Senate District 37



Jim Nielsen
Senate District 4



Jay Obernolte
Assembly District 33



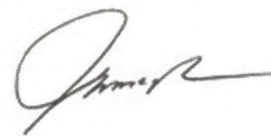
Richard Pan
Senate District 6



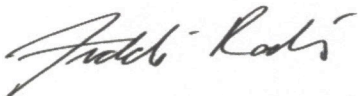
Jim Patterson
Assembly District 23



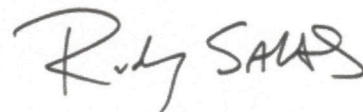
Sharon Quirk-Silva
Assembly District 65



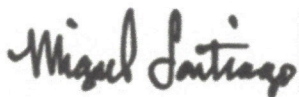
James C. Ramos
Assembly District 40



Freddie Rodriguez
Assembly District 52



Rudy Salas
Assembly District 32



Miguel Santiago
Assembly District 53



Thomas J. Umberg
Senate District 34



Scott Wilk
Senate District 21

cc: The Honorable Gavin Newsom, Governor
 The Honorable Eleni Kounalakis, Lieutenant Governor
 Jared Blumenfeld, Secretary for Environmental Protection, CalEPA
 Chris Dombrowski, Acting Director, Governor's Office of Business and Economic Development

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

(April 9, 2020)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session via teleconference consistent with California Governor Gavin Newsom's Executive Order N-25-20 to ensure social distancing and help mitigate the transmission of COVID-19.

1. CALL TO ORDER – BOARD CHAIR

Chair James Wunderman called the meeting to order at 1:32 p.m.

2. ROLL CALL

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

3. REPORT OF BOARD CHAIR

Chair Wunderman reported that Director Nick Josefowitz had resigned from the WETA Board. He noted that until a new Director was appointed, all three remaining Directors would need to be present at meetings to assure the Board has a quorum. He also advised Directors that to move forward with WETA business, the Board would need full consensus.

Chair Wunderman said given the current crisis caused by the COVID-19 virus pandemic, the world was operating in uncharted waters at this time. He commended WETA's Executive Director Nina Rannells for her tremendous and thoughtful work on the Board reports, especially for Agenda Item 7 related to the challenges WETA was facing in light of the virus pandemic crisis. Chair Wunderman said WETA was competing for funding with all transit agencies in the Bay Area, and he emphasized the need for all WETA stakeholders and any parties interested in water transit to stand up for WETA in its funding pursuit efforts. He added that a silver lining could be found in the opportunities WETA had at this time to educate people about the "E" for emergency in WETA's name and mission.

Chair Wunderman also commended health officials, and especially California Governor Gavin Newsom, for taking the early and wise actions to instruct residents to stay at home to mitigate transmission of the virus.

4. REPORTS OF DIRECTORS

Director Intintoli echoed the comments of the Chair and said staff had done an excellent job in laying out the challenges WETA was facing at this uncertain time. Director Intintoli said he hoped all would have the patience to be able to thoroughly discuss and consider the difficult information on the agenda today.

Director DelBono said that in his capacity as an emergency first responder he had spent a lot of time in state and county emergency response meetings and exercises. He echoed the Chair's comments on commending state leadership for the response to the crisis. He said that the state of California was absolutely doing the right thing by ordering people to shelter in place, and he noted that the peak of the virus crisis in California was expected to be on April 17.

5. REPORTS OF STAFF

Ms. Rannells provided her written report to Directors and welcomed questions. She noted that her report would be brief given the extensive reporting she would be providing Directors for Item 7.

Ms. Rannells said WETA's third new North Bay vessel, the MV *Lyra*, had arrived and been put into service the day before. She also reported that WETA's Downtown San Francisco Ferry Terminal Expansion project construction had been temporarily shut down per San Francisco's shelter-in-place orders. Ms. Rannells said a request to reinstate some of that construction was currently in process because there was work that WETA would like to have continued while things were generally quiet.

Ms. Rannells said that the California Air Resource Board (CARB) was continuing its process to solicit public comments on a proposed concept for ferry vessel emission reductions. She said WETA had requested an extension of the public comments period by six months to a year to enable WETA's participation in the process with important, well prepared comments. Ms. Rannells said that in response to WETA's request and those of others, CARB had extended the comment period by one month. She said WETA worked with the California Transit Association to include this extension as one of the many regulatory relief measures they were advocating for at the state level on behalf of public transit. She said that as things stand now, comments were due on April 30.

It was agreed that one month was not nearly enough of an extension for this important process, and the Board and Ms. Rannells committed to moving the extension effort to the next level by contacting legislators and CARB. Chair Wunderman said he would contact CARB Chair Mary Nichols directly to discuss the matter.

Chair Wunderman called for public comments on the Executive Director's Report and there were none.

6. CONSENT CALENDAR

Director DelBono made a motion to approve the consent calendar:

- a. Board Meeting Minutes - March 12, 2020
- b. Board Meeting Minutes - March 19, 2020
- c. Authorize Release of a Request for Qualifications for On-Call Professional Services
- d. Authorize Release of an Invitation for Bids for Harbor Bay Ferry Terminal Mooring Piling Project

Chair Wunderman called for public comments and there were none.

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

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

7. CONSIDER ACTIONS TO ADDRESS THE IMPACTS OF THE COVID-19 PANDEMIC ON WETA OPERATIONS

Chair Wunderman thanked Ms. Rannells for her thoughtful and thorough Board materials on this Item. He said the issues had been laid out very well, and he urged everyone to read the Board packet cover to cover to get a clear view of the issues at hand. He said he would like to spend more time with the materials as well. Chair Wunderman said that at the conclusion of this discussion, one option may be for Directors to return in a few weeks to make some very important decisions.

Ms. Rannells presented Item 7 to consider actions to address the impacts of the COVID-19 pandemic on WETA operations. She said everyone continues to learn new things daily about the state of the

crisis. Ms. Rannells explained that she and her staff had been working to assess WETA's financial position and risks, to monitor service, to seek funding, to keep the public informed and to plan for recovery with little to no concrete information about how to proceed. She said having WETA's entire workforce dispersed so suddenly had added to the challenges.

Ms. Rannells reminded the Board that at the March 19 special meeting, Directors had asked that staff bring an item to the April Board meeting to extend the Blue & Gold Fleet contract and to seek funding for operations and emergency response. She said staff would work to evaluate the contract and bring that item forward in the coming months. Ms. Rannells explained that WETA was currently operating 2 of its usual 11 vessels and 4 of its usual 25 crews, and she noted that boardings had declined from an average 9,000 daily to 283 today. She said these numbers continued to decline, and that 70 people had ridden the ferry from Vallejo to San Francisco and only 16 rode in from Alameda and Oakland that morning. She said that no one was riding WETA's midday service.

Ms. Rannells said she believed it was important for WETA to maintain a presence on the Bay and to exercise its vessels at a minimum level of service during this crisis but with a focus on commute period service. When asked by the Chair if she thought WETA should maintain its midday service, Ms. Rannells answered no. Director Intintoli said continuing the midday service with no one riding made no sense because WETA would be spending funds the agency needs to maintain its system during this crisis. Ms. Rannells noted that if the midday service was suspended and a valid need for it arose in the future, the service could be reinstated at that time. Director DelBono said he would like to hear the full presentation on this Item before sharing his thoughts on the midday service lack of ridership.

Ms. Rannells said that in an effort to more fully utilize WETA vessels and crews during this time, staff had reached out to hospitals and health care industry associations to inquire whether a temporary service to Mission Bay for essential employees at the University of California at San Francisco and Kaiser would be helpful. She said the answer had been no because there was plenty of parking available and employees were utilizing other methods of transportation right now.

Ms. Rannells reported that updated health orders issued on March 31 had included new requirements for social distancing including marking six-foot spaces for passengers waiting in line. She said work had been completed to support those new orders, with messaging and markings on WETA's terminal gangways.

Ms. Rannells said that immediately following the March 19 special board meeting, she had informed Blue & Gold Fleet that WETA wanted to maintain its existing crew levels and that crews not operating active service should conduct training, support maintenance activities and be prepared to operate emergency response services, as per the Board's direction. She noted that in addition to the 4 crews operating WETA's current limited service that 4 additional shadow crews had also been in rotation as a 100% back-up, and they were also doing training and light maintenance during their rotations. She said 2 crews were at the ready to work on weekends if called, and 15 crews were at home sheltering in place when not on active duty. She noted that about 36% of WETA's total workforce were in active duty and working at one time. Ms. Rannells noted that Blue & Gold Fleet was only comfortable having 8 crews on site at a time on weekdays given social distancing orders. She said that the WETA Operations team was utilizing the opportunity of having many vessels available for maintenance and engineering diligence. Ms. Rannells added that the Operations team had a comprehensive vessel and facilities list of projects and was also undertaking a major inventory project. Ms. Rannells said the additional and new cleaning and disinfecting protocols of vessels continued and was being done throughout the day by active crews on vessels in operation daily and weekly on vessels not being used for service.

Ms. Rannells said that WETA had partially activated its Emergency Operations Center by staffing the Public Information Officer and Liaison positions. She explained that Public Information and Marketing Manager Thomas Hall was monitoring the media to assure that clear, consistent, and accurate messaging was reaching the public. She noted that Mr. Hall was also participating in weekly Joint Information Center meetings with all Bay Area transit operators to assure coordinated messaging. Ms. Rannells said as Liaison, Program Manager/Analyst Lauren Gularte was participating in regular calls with the Metropolitan Transportation Commission (MTC) to provide status reports on operations. She said Ms. Gularte had also reached out to the California Governor's Office of Emergency Services (Cal OES) and the United States Coast Guard (USCG) Marine Transportation System Recovery Unit to keep them informed of WETA's status. Ms. Rannells said WETA had put out press releases and created a COVID-19 Fact Sheet that informed the public on how the COVID-19 crisis was impacting WETA and its services. She said WETA continued to work with direct media outlets to get clear, accurate and consistent information out to the public.

Ms. Rannells said WETA was currently seeking emergency funding both as a transit operator and for emergency response. She said WETA sent a March 20 letter to Governor Newsom and copied Cal OES Director Marc Ghilarducci and his staff along with the California State Transportation Agency (CalSTA). She noted copies of the letter had also been sent to the offices of Assemblymembers David Chiu and Rob Bonta. Ms. Rannells said that WETA's State Legislative Representatives Jennifer Capitolo and Nate Solov were working overtime to assure folks were aware of WETA's needs. She said they were working closely with Assemblymember Chiu and that WETA had prepared a draft letter for the Assemblymember to assist in providing support for WETA's requests. Ms. Rannells said staff had also provided some bill language to address the concern that WETA was mandated to provide emergency response service with no funding source to support that mission.

Ms. Rannells said that staff had also submitted a list of shovel-ready projects to Governor Newsom's office that may be included as part of a future economic stimulus bill, and she noted that interest in a bailout bill at the state level had dwindled with the passing of the federal CARES Act. She noted that the request had arrived on March 26 and said staff had scant time to submit the information. She said WETA had sent letters advocating transit funding and had worked with MTC to approach Speaker Nancy Pelosi in efforts to secure a significant amount of \$1.3 billion in transit funding to the Bay Area MTC region. Ms. Rannells said WETA's share of that amount was expected to be between \$12.5 and \$20 million overall and explained that the distribution of funds between Bay Area transit operators would be determined by MTC. She said the earliest WETA could expect to receive any of this funding would be late June. Ms. Rannells said there was talk of a future federal economic stimulus bill that would provide capital project funding and that staff would work closely with WETA's federal representatives to submit projects at the appropriate time. She said staff had identified some additional Federal Emergency Management Administration (FEMA) funding that could be used to offset WETA's increased costs for vessel cleaning and personal protective equipment for crews. Ms. Rannells noted that to date, no regional funding sources had been identified.

Director Intintoli reminded the Board that WETA had been returning Regional Measure 2 bridge toll funds it had not spent each fiscal year back to MTC for years, and he asked Ms. Rannells how much in total had been returned. Ms. Rannells said she believed the total amount to be \$70 to \$90 million. The Chair suggested working with WETA's allies at MTC on the matter.

In response to a question from Director DelBono, Ms. Rannells said she would forward him a confirmed date that Assemblymembers David Chiu and Rob Bonta received WETA's letter regarding funding from WETA.

Ms. Rannells reminded Directors that the April Board meeting had been moved out one week. She said because of that, she had worked with the Chair and extended WETA's payment for one additional week for Blue & Gold Fleet crews standing by. She requested that Directors ratify that decision and action. She noted that in this rapidly changing operating landscape that WETA may need to pivot service as needs arise, and she said doing so may not require calling a special board meeting and she wanted Directors to weigh in on this.

Ms. Rannells said WETA's financial situation continued to evolve, and that about 92% of WETA's revenues come from fares and tolls, with the fares share being about \$2.3 million a month. She said MTC had not provided a final figure yet, but it was anticipated that WETA would lose as much as \$3 million in RM2 toll funding this year. She said if things continued as-is through June of this year, WETA will be facing an \$11 million revenue shortfall.

Ms. Rannells explained that \$47.7 million of WETA's \$51.7 million budget was purchased transportation and fuel, and she noted that these were variable expenses. She said at this time of year, WETA typically utilizes 25 crews at a cost of \$600,000 each annually and noted that the workforce increased to as many as 29 crews during the busier summer months. She said currently, WETA was utilizing 4 active crews for its service. She noted Blue & Gold Fleet employed 22 full-time engineers for WETA work and that they were all currently being kept busy by the WETA Operations team. Ms. Rannells said fuel makes up about \$10 million of the budget and that with the current reduced service schedule, WETA was seeing a weekly fuel cost savings of \$83,250.

Ms. Rannells told Directors that, as they had requested at the March 19 meeting, staff had prepared a letter request to the governor for state funds to support an estimated \$4 million year-end shortfall, emphasizing the need for funds to support WETA's emergency response role. She noted that staff is also pursuing a small amount of FEMA funding for the increased cleaning and precautions required to protect public health. She said the first tranche of the federal CARES Act funding WETA was expected to receive would be \$12.5 million with an expectation that it would fill WETA's funding gaps through at least the end of 2020. Ms. Rannells explained that additionally, WETA had an accumulated balance of funds which had been earmarked by Directors in two 2019 meeting discussions to fund WETA's new Seaplane Lagoon service and Mission Bay activities. She noted that some of these funds also served to meet WETA's capital and operating reserve targets. She noted that these commitments could be revisited as circumstances required.

Ms. Rannells said that since Blue & Gold Fleet was only able to allow 8 crews on site at a time, she recommended keeping 8 crews online and to work with Blue & Gold Fleet who will work with their crew unions to assure WETA would be able to quickly ramp up service when the time comes for that. She reminded Directors that the Blue & Gold Fleet contract was structured to provide crews to support WETA service levels.

Ms. Rannells said the final piece of her report was about developing a recovery plan. She said at this time we know recovery could begin as early as May 1, when the current health orders were currently scheduled to be lifted, but that information about this virus continues to evolve and there was no concrete date WETA could point to right now as the recovery commencement date. Ms. Rannells explained that MTC would require a recovery plan as a condition of receipt of any CARES Act funds.

Chair Wunderman said that Ms. Rannells had reviewed some very difficult challenges. He said he fully supported paying the Blue & Gold Fleet WETA crews the additional week of pay but added that he felt a final decision on these issues would require spending some more time with all the information. He said it may make sense to extend the plan to pay all of the crews by an additional period of time beyond just the one week that had already been extended.

In response to questions from the Chair, Ms. Rannells said that she understood that a court date had not yet been set for the RM3 appeal but that this may change with a teleconferencing option in the future. She said WETA could expect to lose up to \$3 million in RM2 toll funding this year and up to \$10 million next year, and she noted that this loss would depend on a number of factors such as how long health orders would restrict movement and how the ramp up will work when orders are finally lifted. Ms. Rannells said that under MTC procedures, just 38% of tolls collected each year can be used for transit operations. She reiterated that WETA had left approximately \$70 to \$90 million of unused RM2 ferry operating funds on the table over the years due to MTC's use-it-or-lose-it policy and that it would be helpful if these could be available to WETA now in this time of need. In response to a question from Chair Wunderman, Ms. Rannells said that MTC had used a 10-month projection period of March through December 2020 in projecting the regional shortfall due to the COVID-19 pandemic, which had been used in advocating for the federal CARES Act funding.

Ms. Rannells said that the Blue & Gold Fleet contract included a section about crew reductions in emergency situations which might apply in the use of the CARES Act funding to pay for WETA's contract operator crews. Directors discussed whether the funding WETA would be receiving from the CARES Act could be used for WETA on-duty crews and for WETA crews sheltering in place at home when not in rotation. They agreed this was important information to clarify.

Director Intintoli said if there was a possibility of securing any funding to support paying for crews who were not in active duty, he would like that possibility revisited every few weeks until it was clear and confirmed. He added that paying more staff than was needed to support current service levels without this funding or reimbursement confirmation could jeopardize WETA's future service plans, such as Seaplane Lagoon in Alameda. Director Intintoli said if the Board could revisit the issue every few weeks he would be in favor of extending the Blue & Gold Fleet full crew payments by two weeks.

Director DelBono made a motion to:

- Approve the actions taken by the Executive Director already to extend the payment to Blue & Gold Fleet WETA crews by one additional week through today's Board meeting date of April 9;
- Extend the paid status of WETA's crews under Blue & Gold Fleet employment through April 23;
- Call a special Board meeting to review this matter again on April 23; and
- Mandate that any reduction to service or staffing levels going forward will be approved by the WETA Board in advance.

Director Intintoli seconded the motion with the caveat that he had understood that the Board had already approved of the midday service suspension because of the cost and no ridership earlier in the meeting. Chair Wunderman said he would like to see a unanimous decision on the midday service elimination. Director DelBono said he wanted a united front and he agreed that it did not make sense to run service with no riders.

PUBLIC COMMENTS

San Francisco Regional Director of the Inlandboatmen's Union of the Pacific (IBU) Robert Estrada said he had a lot of respect for the WETA Board and Ms. Rannells. He noted that on March 19, when Directors agreed to continue to pay full crews, WETA's funding had been much more tenuous than it currently was with the passing of the CARES Act. He said the \$4 million requested was also much more in WETA's grasp. Mr. Estrada said the crews currently working on WETA's vessels had been basically frozen in place when the service was changed. He said he hoped Directors would give Blue

& Gold Fleet the latitude to switch out less senior crew members with more senior crew members to support IBU objectives on behalf of its members.

Masters, Mates & Pilots (MM&P) Regional Representative Captain Sly Hunter thanked Directors and staff for their hard work. He said it was so important for WETA to be recognized not just as a public transit agency but also as an emergency preparedness entity which must be prepared at the drop of a dime to react and provide emergency services. He said that Blue & Gold Fleet and the unions were working in concert to manage this crisis and they would continue to do so.

IBU President Marina Secchitano said WETA had done really good work. She said the Bay Area was very lucky to have Speaker Nancy Pelosi on its team. She said Speaker Pelosi had done a phenomenal job in putting American families first. Ms. Secchitano said that all the comments shared by her colleagues had been very important. She noted that the federal funding was being provided to help families and businesses during this crisis to assure everyone would be able to keep working, from Alaska to Washington. She said these states were keeping all their ferry crews working with the help of this federal funding. Ms. Secchitano said this crisis experience will inform all future budgeting to assure WETA and other transit agencies can weather these kinds of storms when they swell again. She said WETA will be remembered for how it handles this crisis, and she thanked WETA Directors and staff for their efforts.

Director DelBono requested clarity on Mr. Estrada's request regarding crew seniority. Ms. Rannells explained that Blue & Gold Fleet crews don't all work solely on WETA's vessels. She said there are schedules released four times a year for crew bidding on routes and schedules and that the crews had been frozen in place at WETA's request since WETA's service changes. Ms. Rannells said the seniority concern is a function of Blue & Gold's agreement with the unions and not in WETA's direct control. Mr. DelBono said that his priority was for crews to be available and at the ready to operate WETA vessels when needed.

Directors had a robust discussion about wanting to be unanimous in its decisions at this time, the prudence of eliminating service with no passengers and the importance of empowering staff under Ms. Rannells direction to make decisions about pivoting or increasing service levels quickly in the current rapidly changing landscape. Chair Wunderman said he would like to see an updated financial outlook for the rest of 2020 through 2021 when the Board meets next.

Director Intintoli made an amended motion second to:

- Approve the actions taken by the Executive Director already to extend the payment to Blue & Gold Fleet WETA crews by one additional week through today's Board meeting date of April 9;
- Approve the suspension of the current midday services with no ridership as recommended by Ms. Rannells;
- Extend the timeline of paying all Blue & Gold Fleet WETA crews by two more weeks through April 23 when Directors will meet again to discuss the matter; and
- Mandate that any future *reductions* to service or staffing levels will be approved by the WETA Board in advance

Ms. Rannells confirmed that Directors approved of her taking actions to *pivot* or *increase* service in this rapidly changing environment.

Director DelBono seconded the amended motion, and the item passed unanimously.

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

Director DelBono reiterated that WETA could use all partners', stakeholder's and other interested parties' hands on deck to advocate for state funding for WETA with letter writing to Assemblymembers Chiu and Bonta, especially. Ms. Rannells welcomed emails from anyone who could offer support and said she could share materials WETA has prepared to date that could be useful in those efforts.

Directors said WETA had a wonderful staff and noted their appreciation of the work they were doing during these especially challenging times. They also acknowledged WETA's vessel crews working on the front lines and noted that all feedback received about WETA crews had been positive.

8. WITHDRAW CONSIDERATION OF THE PROPOSED FY 2020/21-2024/25 FARE PROGRAM AND RELATED FARE ADJUSTMENTS

Planning & Development Manager Kevin Connolly presented this item seeking Board approval to withdraw consideration of the proposed fiscal years 2020/21 through 2024/25 Fare Program and related fare adjustments. He explained that consistent with other agencies until there was clarity on the public transportation landscape, staff recommended that the Board withdraw consideration of the Fare Program and related fare adjustments. Mr. Connolly said that in the process of preparing for the anticipated fare changes WETA had done a lot of outreach to the public. He said the overwhelming majority of the feedback received had been related to the proposed elimination of the Vallejo Monthly Pass. He said some concerns about the Alameda/Oakland split cost increase had also been received. As a result of this feedback, Mr. Connolly said, staff had made some changes. He noted however, that given the current crisis situation, staff would return to the Board again when it made sense to do so.

Directors concurred that this was not the time to be considering the Fare Program changes.

Director Intintoli made a motion to approve the item.

Chair Wunderman called for public comments on the motion, and there were none.

Director DelBono seconded the motion, and the item passed unanimously.

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

9. AUTHORIZE RELEASE OF THE DRAFT 2020 SHORT RANGE TRANSIT PLAN FOR FISCAL YEARS 2019 - 2020 THROUGH 2028 - 2029 FOR PUBLIC COMMENT

Senior Planner/Project Manager Mike Gougherty presented this item to authorize release of the Draft 2020 Short Range Transit Plan (SRTP) for Fiscal Years 2019 - 2020 through 2020 - 2029 for public comment. Mr. Gougherty explained that the SRTP goal was to offer a vision for the future. He said it projects out for ten years and noted that the projects included in the SRTP must be fiscally constrained. Mr. Gougherty said the period included in a Strategic Plan was 20 to 50 years. He explained that the SRTP can and will be modified, and the projects in it were not set in stone. Mr. Gougherty said as an obvious example, the COVID-19 virus crisis could radically alter the plans that had been included, and he noted that the SRTP was typically updated every 2 to 4 years but could be updated as soon as a year from now.

Mr. Gougherty said if Directors authorized its release, it would be posted online for public comments over the next two months. He said the SRTP Draft assumed pre-COVID-19 service levels and it significantly expanded service over the next 10 years in its 10-year operating plan. Mr. Gougherty added that it also assumed every service would be enhanced over the next 10 years as each service reached its capacity constraints. He said other assumptions in the SRTP Draft included RM3 funding becoming available to WETA by 2023, the addition of five new service routes (Seaplane Lagoon,

Mission Bay, Treasure Island, Berkeley and Redwood City) and a capital improvement plan to support the service expansion. He noted that enhancement options included increased service or using larger vessels.

Chair Wunderman said he had not yet been able to thoroughly read the Short Range Transit Plan included in the Board packet. He added that he would like to spend more time with the material. Ms. Rannells offered that staff could open up the public comment period to two months, instead of one, and return to the Board in June after receiving Directors' direct comments on the Draft.

Mr. Gougherty said staff would consider all Director's direct comments and all public comments received during the two-month period before returning to the Board in June for the Board's final approval of the document.

Mr. Connolly said many of WETA's Planning counterparts at other agencies were still hard at work from their homes during this time. He said this document was typically read and commented on by other planning agencies or planning professionals at other agencies. Mr. Intintoli asked if comments could include suggestions for other projects not included in the Draft, and Mr. Gougherty said all comments would be welcomed.

Director Intintoli made a motion to approve the item.

Chair Wunderman called for public comments on the motion, and there were none.

Director DelBono seconded the motion, and the item passed unanimously.

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

10. APPROVE FINAL LIST OF REGIONALLY-SIGNIFICANT PROJECTS FOR INCLUSION IN PLAN BAY AREA 2050

Mr. Gougherty presented this request for Directors to approve the final list of regionally-significant projects for inclusion in Plan Bay Area 2050. He explained that Plan Bay Area was a long-range planning document of regionally-significant projects prepared for a 30-year timeline. He emphasized that a project had to be included in the Plan Bay Area document to be eligible for federal and regional funding.

Mr. Gougherty explained that each transit operator submits its Board-approved projects in June. He said that in general, WETA's projects had scored well and that staff recommended that the same projects that had been approved by Directors last year remain in the document for the next update. He said the two projects submitted by WETA - service enhancements and Redwood City - had been scored using MTC modeling that made it a challenge to capture all details of a project. Mr. Gougherty said staff had worked with MTC to address its objectives and said WETA would be including public-private partnerships (P3s) in the Redwood City Business Plan to increase the project's cost benefit. He said WETA would also be participating in the means-based fare programs for Bay Area riders as soon as that opportunity was extended to all transit operators. He said it was WETA's hope that this participation would help meet MTC's equity objectives.

Chair Wunderman said it was critical to move forward, and he noted that the Bay Area's mass transit system was publicly financed. He said while he was a big believer in P3s, it was important to understand that adding P3s to that mix can sometimes complicate projects. He asked to be kept in the loop on the addition of any P3s to WETA projects.

In response to a question from Director Intintoli, Mr. Gougherty confirmed that WETA was the lead development agency, or Project Sponsor, on the two projects, and this was why they were being submitted as WETA projects.

Director Intintoli made a motion to approve the item.

Chair Wunderman said that when the RM3 funding becomes available to WETA, the public will expect new routes beyond what has already been identified. He said he would like staff to set up a working group to explore new ferry service in Martinez as requested in a recent letter to the Board from Martinez Mayor Rob Schroder. He said it may make sense to include the surrounding cities of Hercules and Antioch in that consideration as well. Chair Wunderman said he hoped that by 2050, WETA would be operating service in the Carquinez Strait as well as in Redwood City and well south of Redwood City.

Chair Wunderman called for public comments on the motion.

PUBLIC COMMENTS

HOVR California Founder and Chief Executive Officer Felix Sargent asked if anyone from the San Mateo City/County Association of Governments (C/CAG) was working with WETA on a new project that aligned with WETA's current Hovercraft investigations. Mr. Gougherty said there was plenty of time to get new tangible projects included in the next update if they meet the criteria for inclusion. He said WETA's project requirements included a dedicated funding stream or agreements already in place for the project, and he noted that the document was updated every 4 years. Mr. Connolly explained that a project also generally needed to have already gone through a feasibility process to be included. He said members of C/CAG regularly participated in one of WETA's Hovercraft Feasibility Study Groups, and they had never expressed any interest in forming a WETA project partnership. Mr. Connolly explained that it was the responsibility of a project's sponsor to connect with potential partners, and he noted that WETA staff was always happy to discuss projects.

Director DelBono seconded the motion, and the item passed unanimously.

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

11. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

City of Martinez Community Development Director Christina Ratcliffe said she was representing Martinez Mayor Rob Schroder today because he had been called away. Ms. Ratcliffe thanked the Board for their time to hear her comments realizing that Directors were dealing with really big issues.

Ms. Ratcliffe said Martinez had been active in the past year in its waterfront development and nearby downtown revitalization efforts. She reminded Directors that Mayor Schroder had asked WETA to form a working group to further explore Martinez ferry service feasibility at WETA's Board meeting in December. She said that formation of a working group to study Martinez ferry service would help WETA fulfill its mission and assist it in charting a course forward without being a drain on the limited resources WETA had during this crisis.

Ms. Ratcliffe said a Martinez ferry service would help WETA meet its emergency response mission by linking other parts of the bay with the Contra Costa Regional Medical Center, Kaiser and the Veteran's Administration Hospital which were all in Martinez. She said it would also help stimulate housing and economic development by adding to the downtown Martinez renaissance taking place not far from the marina. Ms. Ratcliffe noted that the Martinez population of 38,000 swelled by more than 10,000 each weekday with the influx of courthouse and medical facilities visitors and commuters

coming in for work and said it was important to provide other transportation options and connectivity to these key community resources.

Ms. Ratcliffe said Martinez was also working on its State Trust Land Use Plan for its marina that will serve as the foundation for the update of the Martinez Waterfront Master Plan which Martinez had committed funding and resources to in its next budget cycle. Ms. Ratcliffe said Martinez had also been working closely with the Contra Costa Transportation Agency and the City of Antioch to increase connectivity and the pilot commuter water ferry.

Ms. Ratcliffe noted that the objective of a Martinez ferry service working group would be to gather and evaluate data that would indicate whether a ferry in Martinez with routes that could include Antioch, Hercules and San Francisco could be viable. She said that while the ferry working group would move this opportunity forward, it would require minimal WETA staff time of about two hours a month, with the heavy lifting being done by City of Martinez staff. On behalf of Mayor Schroder, Ms. Ratcliffe asked Directors to review the working group draft plan that he had sent the Board in a recent letter and move forward with the working group.

Chair Wunderman thanked Ms. Ratcliffe for her comments and asked that she thank Mayor Schroder for the information as well. He said it was his hope that WETA will one day be able to proactively spur positive development instead of reacting to requests. Ms. Rannells said WETA staff did not have the bandwidth to launch this work right now but could hopefully look at moving forward sometime this summer. She said that it would be important to consult with and include the Contra Costa County Transportation Authority (CCTA) as a partner in this effort as the lead transportation planning and funding agency in Contra Costa County. She suggested talking with them first, in consultation with Martinez, about the best way forward for the work. Ms. Rannells explained that given the many challenges WETA was currently facing in light of the pandemic, staff did not have ample time and resources to fully engage in this process right now. She also said it was likely that WETA's ongoing work in its Hovercraft Feasibility Study would include a north bay focus in the Carquinez Strait and that some ridership data for the area may be generated as a result. Chair Wunderman and Ms. Rannells agreed to further discuss the Martinez request in greater detail after the meeting.

Blue & Gold Fleet President Patrick Murphy acknowledged the very difficult situations WETA and Blue & Gold Fleet were in right now. He said he commended the WETA Board and Ms. Rannells for their leadership during this time. Mr. Murphy said it had been challenging to grow the service so quickly but it was even more difficult to have ridership drop so suddenly. He said he felt that Blue & Gold Fleet was in good hands under the WETA Board leadership.

Chair Wunderman thanked Mr. Murphy for his comments and for Blue & Gold Fleet's efforts during this time especially. He thanked Directors, Ms. Rannells and her staff and asked that all water transit stakeholders band together and remain focused on WETA's long range objectives to create a world class and robust water transit system for the Bay Area.

With all business concluded, Chair Wunderman adjourned the meeting at 4:29 p.m.

- Board Secretary

END

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

(April 23, 2020)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in special session via teleconference consistent with California Governor Gavin Newsom's Executive Order N-25-20 to ensure social distancing and help mitigate the transmission of COVID-19.

1. CALL TO ORDER/ROLL CALL

Chair James Wunderman called the special meeting to order at 9:06 a.m. Chair Wunderman, Director Anthony Intintoli and Director Jeffrey DelBono were in attendance.

Chair Wunderman advised guests that since this was a special meeting of the Board, public comments would be limited to the listed agenda items.

Chair Wunderman said that WETA was facing incredible challenges and many future unknowns. He acknowledged WETA staff, the Blue & Gold Fleet, his fellow Directors and WETA's stakeholders and partners who have been following the difficulties WETA has been managing as a result of the COVID-19 crisis. Chair Wunderman said WETA had been focused on how to keep the agency whole in the face of mounting revenue losses and said he felt it was likely that a solution was now in place that Directors would be discussing in detail later in the meeting.

2. CONSENT CALENDAR

Director Intintoli made a motion to approve the consent calendar:

- a. Designate Authorized Agents to Apply for Federal or State Disaster Assistance Funds

Chair Wunderman called for public comments on the motion, and there were none.

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

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

3. CONSIDER ACTIONS TO ADDRESS THE IMPACTS OF THE COVID-19 PANDEMIC ON WETA OPERATIONS

Chair Wunderman said the actions being considered were critical for WETA and that staff and Directors had been focused on how to address the lasting impacts of the COVID-19 crisis now, for the short term and for the future. He said every transit agency in the Bay Area was facing an unprecedented, unanticipated and very challenging situation. Chair Wunderman said that while the future was unknown, it was most certainly going to look different than the past.

Chair Wunderman said he had invited representatives from the Metropolitan Transportation Commission (MTC) to join the meeting today. He said MTC was the Bay Area's transportation quarterback and that over the course of many years MTC had done a really fine job of representing the Bay Area to the State of California and the federal government. Chair Wunderman said it was

critically important going forward that WETA maintain constant contact with and support MTC. He said MTC was managing the disbursement of the first tranche of federal CARES Act funding which would keep WETA afloat in the short term.

Chair Wunderman introduced MTC Deputy Executive Director of Policy Alix Bockelman and MTC Director of Legislation and Public Affairs Randy Rentschler. He asked that they share their thoughts with the Board on how they see the current big picture unfolding, what work MTC was doing to address the situation and what WETA could do to be helpful to MTC moving forward.

Ms. Bockelman said she was pleased to report that MTC had taken action on April 22 to approve initial programming from the CARES Act Transit Emergency Assistance funding. She explained that the federal CARES Act legislation had included \$25 billion to support public transportation during the COVID-19 crisis with \$1.3 billion allocated for the San Francisco Bay Area to support public health safety and to help mitigate revenue losses. Ms. Bockelman said the action taken included \$12.5 million to support WETA. She said an important part of the MTC discussion yesterday had been that this funding was meant to stabilize the system in the near term but that there certainly was not enough to run services into the future.

Ms. Bockelman said the April 22 report to MTC Commissioners had included a snapshot of how the transportation landscape had completely changed over the last month. She said this information included a drop in ridership of more than 70%, with ferries and rail service hit even harder with a reduction of more than 90%. Ms. Bockelman said weekday toll revenues on the Bay Area's bridges had declined by 50% and more than 60% on weekends. She said the entire transportation system was facing an uncertain recovery and would be relying on unknowns right now, such as how long the shelter in place orders would remain in effect, so it was difficult to predict what the new normal will look like. Ms. Bockelman said that while the CARES Act funding was significant and meaningful, it was not enough to subsidize the hits the Bay Area's public transportation system was taking. She added that because of this, it was critical to develop a recovery strategy which she knew WETA and other agencies were already discussing.

Ms. Bockelman said MTC Commissioners asked in their April 22 meeting that a blue ribbon rapid recovery task force be convened to address the questions of financial stability, sustainability, network connectivity and lifeline transit dependent service needs. She said that task force would ramp up quickly to address how the Bay Area transportation systems will emerge from this pandemic crisis. Ms. Bockelman said that there was some optimism in the challenges for WETA and that MTC believed that Regional Measure 3 (RM3) would be upheld by the courts and if it was, it would provide significant operating revenues to WETA and allow any funds not used in a given year to be held in reserve for WETA's use in future years. She noted this funding would begin at \$10 million annually and grow to \$35 million annually over time. Ms. Bockelman said that because of WETA's financial prudence, the agency also had some State Transit Assistance funds in reserve that could be utilized and emphasized that these were glimmers of hope and good news among WETA's challenges.

Ms. Bockelman introduced Mr. Rentschler to provide additional information on the state and federal funding landscapes.

Mr. Rentschler said WETA was going to be in the same boat as many other transportation agencies. He said he believed WETA's position was better than any of its peers because of the agency's significant available reserve of funds and because RM3 was expected to provide substantial new funding for WETA. He said MTC was very confident it would prevail in the legal challenges currently holding up RM3 and said WETA would be well funded from the measure. Mr. Rentschler said that he

could think of no other transportation agencies other than samTrans and WETA who had new revenue sources on the horizon. He said there was great opportunity for WETA to be optimistic.

Mr. Rentschler said it was highly likely that during this crisis recovery period, that people would feel more comfortable riding a ferry than boarding a packed BART train. He said he believed the bridge traffic would return and that systems like BART would recover last. Mr. Rentschler said the amount of funding received by the Bay Area from the federal government was significant. He added that it was unlikely that funding of that magnitude would likely be seen again, but it was possible that if the major infrastructure legislation currently being discussed were to come to fruition, that WETA would likely benefit from it.

Mr. Rentschler said that state legislators tended to not hold transportation at the forefront of funding needs during times of major economic crisis, and that it was more common for them to look for ways to cut transportation funding. He said he was hopeful that this time that would not happen because of previously secured funding agreements. Mr. Rentschler said that other than some possible funding to support the agency's emergency response mandate, WETA should not expect to see any major funding coming out of Sacramento at this time.

Chair Wunderman thanked Ms. Bockelman and Mr. Rentschler for their insights and support and for participating in this special meeting. In response to a question from the Chair about the RM3 legal process timing, Mr. Rentschler said MTC had won the first round in the appeals process, and the court has sped up the process, but the timing remained unknown. Mr. Rentschler said he strongly believed WETA could rationally plan on having the RM3 funding in the future, but he did not know when it could be expected.

Chair Wunderman said WETA had been planning with an expectation of ultimately receiving the RM3 funding but without the additional challenges the pandemic crisis had created. He said how the public was going to feel about mass public transportation coming out of this pandemic was unclear. Chair Wunderman said he would like WETA to partner with MTC to help in any way that was needed to help assure the public feels comfortable and confident in returning to public transit. He said WETA wants to be able to implement all necessary measures to support that such as creating enough space for social distancing while also providing expected levels of service.

Mr. Rentschler said that it was important that WETA and other transit agencies implement these measures to assure public safety and instill confidence in riders. He said the San Francisco Municipal Transportation Agency had shared a public message that discouraged people from riding Muni. Mr. Rentschler emphasized that it was going to take some work to overcome that message when the time comes. He said doing things like marking social distancing intervals at WETA terminals was a good example of how to help instill WETA rider confidence.

WETA Executive Director Nina Rannells said that the Blue & Gold Fleet (Blue & Gold) had done an excellent job to ensure their employees and WETA's passengers were safe. She said to her knowledge, no Blue & Gold crew members, captains or riders had become ill from COVID-19. She said this spoke volumes to Blue & Gold President Patrick Murphy and his leadership team who were thinking about the health and safety of their employees and the public. Ms. Rannells said a new recent health order required people to wear masks, and she noted that WETA also had measures in place to limit capacity on vessels to assure passengers can practice social distancing while riding. She also confirmed that social distancing markers were already in place at WETA terminals. Ms. Rannells said WETA was working to assure passengers and crews were safe and that Blue & Gold had done a tremendous job in these efforts.

Chair Wunderman said WETA was in conversation with the Governor's Office of Emergency Services (Cal OES) regarding its emergency response and recovery function because this was an unfunded mandate of the agency. He explained that the expectation had always been that WETA would build up to a robust enough public transit service that it would be able to pivot to a response and recovery system in the event of a disaster such as a major earthquake. Chair Wunderman said that with this crisis hitting the public transit aspect of WETA so dramatically, the agency's ability to respond in an emergency or disaster was threatened without a funding source to do so.

Director Intintoli said he first met Mr. Rentschler more than 20 years ago when he was representing the Bay Area in Washington, D.C. He thanked him for his enduring efforts and especially for his work at this crucial time.

Director DelBono thanked Ms. Bockelman and Mr. Rentschler for their work and support and for educating him throughout the years. He noted that the WETA staff and the Blue & Gold crews had been working to support social distancing and to protect public health right at the beginning of this crisis. He added that he would like for WETA to participate on the MTC recovery task force and said he was grateful to have the support of Ms. Bockelman and Mr. Rentschler.

Chair Wunderman said it was really important for WETA to continue to work closely with MTC as they manage the Bay Area's large and complex transportation system and that water transit was likely to play an even more important role in that system in the future. He emphasized that the current crisis situation required an even stronger and more thoughtful partnership.

Chair Wunderman said he believed the challenge of how to keep WETA's crews employed and available had been resolved in the short term with receipt of the federal CARES Act funding. He said MTC had authorized \$12.5 million in funding for WETA out of the first tranche of the funding which represented about 61% of the total. Chair Wunderman echoed Ms. Bockelman's comments that this funding would not subsidize transit in the future but was ample to address WETA's short term needs for the next few months. He said while the initial suggestion had been that the Blue & Gold crews be retained through the middle of May, it made sense to extend that timeframe through the end of WETA's current fiscal year to June 30, because there was ample funding now to do so.

Ms. Rannells agreed with the Chair's suggestion. She said that two weeks ago it was unclear how much funding WETA would receive and whether or not it could be used to pay for the Blue & Gold contract. She said these questions have now been answered and that the Federal Transit Administration (FTA) had been incredibly responsive to WETA's inquiries and communications. Ms. Rannells added that in her 30 years of working with the FTA, she had never seen such leniency for agencies to be able to fill their funding gaps with federal funding. She said WETA's attorneys had been in communication with FTA attorneys, and she felt confident and happy that WETA would be able to continue funding what it was currently doing through its fiscal year.

Ms. Rannells reminded Directors that WETA was in the fortunate position of spending under its budget before the pandemic hit, and that San Francisco Bay Ferry services had enjoyed robust rider growth this year resulting in higher than anticipated fare revenue. She explained that because of this, WETA's anticipated shortfall for the fiscal year is limited to approximately \$3.6 million. Ms. Rannells noted that this means that WETA will have some CARES Act funding to carry into next fiscal year to help with the anticipated shortfall. She said that depending on whether or not people return to ride WETA's vessels, anticipated losses could be large, and will likely exceed the CARES Act funds made available to date. Ms. Rannells reminded Directors of Ms. Bockelman's comment that WETA had State Transit Assistance funds in reserve at MTC and said these funds were discussed at length last fall to support Seaplane Lagoon and Mission Bay in light of the possible absence of RM3 funding. Ms.

Rannells said all of these resources would be under consideration in creating WETA's recovery plan along with how to stage a recovery in terms of services, how to maintain social distancing on the vessels and at the terminals and what this all meant for WETA service. She noted that to ensure social distancing, only about 25% of vessel capacity could be utilized.

Ms. Rannells said the good news was that the CARES Act funding would support WETA through the end of the fiscal year and because of that, she reiterated her recommendation that Blue & Gold crews be maintained through June 30.

Chair Wunderman said it would be wise to begin looking at budget numbers at the next regularly scheduled Board meeting in May. He said WETA would need a strategy to advocate for its fair share of the remaining 39% of the CARES Act funding that will be disbursed to agencies for recovery.

Director Intintoli made a motion to extend the period of paid Blue & Gold crews through the end of WETA's current fiscal year on June 30.

Director DelBono thanked WETA staff, the Blue & Gold Fleet and WETA's lobbyists for all of the hard work they have been doing during this difficult time. He said he was grateful that through all of this, the number one priority has been to take care of people. Chair Wunderman agreed and said he especially wanted to thank the leadership of organized labor for their thoughtful participation and for speaking up. He said their partnership was valued and would be needed in a most profound way going forward.

Chair Wunderman called for public comments on the motion.

PUBLIC COMMENTS

Inlandboatmen's Union (IBU) Regional Director Robert Estrada commended WETA Directors, Ms. Rannells and Blue & Gold Fleet leadership on their efforts during this crisis on behalf of the crews. He also thanked MTC for its partnership and critical leadership. Mr. Estrada said that this crisis has given him incredible respect for those in elected office, most especially for Assemblymembers Rob Bonta and David Chiu. He said they were right there willing to help WETA in this crisis from the very start, and he was grateful for that. Mr. Estrada said he also wanted to show appreciation for the Blue & Gold Fleet employees and leadership. He reiterated his gratitude to the WETA Board and Ms. Rannells and her staff, saying he could not be more impressed by the compass and energy they have brought to bear on this never before seen test. He said he has been watching closely, and waiting for a potential misfire, and it has never come to pass. Mr. Estrada said this dispels the stereotypes that government bodies are cumbersome and unable to respond in the moment and added that what he has witnessed instead has been agility, flexibility and professionalism. He said that under WETA's current leadership, he believed the agency would emerge from this crisis stronger than ever.

Masters, Mates & Pilots Regional Representative Captain Sly Hunter said he agreed with everything Mr. Estrada said. He said this was a defining moment for WETA, for Blue & Gold Fleet and for his organization's members. Captain Hunter said the term front line worker had been redefined by this crisis and that we were all on the front lines right now. He thanked the WETA Board and Ms. Rannells for her leadership. Captain Hunter also thanked Blue & Gold Fleet President Patrick Murphy for his leadership. He said all had risen to the occasion and redefined this region and how we deal with adversity in an emergency situation, and he added that he hoped to see a return to a new normal for all soon.

IBU President Marina Secchitano said it had been a rough couple of months. She said everyone was worried about whether or not they would have a paycheck or health care. Ms. Secchitano thanked Ms.

Rannells for her leadership. She said she couldn't be more proud to be working with Directors at this time. Ms. Secchitano thanked MTC and Blue & Gold Fleet and said that because of everyone's partnership and efforts, WETA's crew members would sleep so much better tonight.

Chair Wunderman thanked the speakers for their comments and their partnership. He reiterated Mr. Estrada's expression of gratitude to Assemblymembers Chiu and Bonta. Chair Wunderman said to have their support at the levels they have offered felt unprecedented. He emphasized the importance for WETA to assure that these key legislators always had the information they needed to be able to continue to support WETA and Bay Area water transportation. He said working as one big team together would allow the region to do great things, including in the legislators' districts.

Director DelBono seconded Director Intintoli's motion, and the item passed unanimously.

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

Chair Wunderman confirmed that the next regularly scheduled Board meeting would be on Thursday, May 7, and he noted that this meeting would also take place via teleconference. Ms. Rannells said the focus of that meeting would be WETA's budget and service scenarios.

Ms. Rannells announced the news that WETA had won a significant grant of \$9 million to build a battery electric vessel to operate in future Mission Bay service. She said this would provide WETA the opportunity to move into the realm of battery electric and hybrid vessels. Chair Wunderman said this was terrific news, and he commended Ms. Rannells and her staff as well as WETA's legislative representatives for the work that went into the effort. He said it would be great to talk about the planning for that at the next meeting.

Director DelBono said a silver lining in this pandemic crisis has been the recognition that it *is* possible to reduce emissions. He said this grant would help WETA do that.

With all business concluded, Chair Wunderman adjourned the meeting at 9:56 a.m.

- Board Secretary

END

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Melanie Jann, Administration & Business Services Manager
Keith Stahnke, Operations & Maintenance Manager

SUBJECT: Approve Purchase of Commercial Insurance Policies for FY 2020/21

Recommendation

Approve the purchase of the following commercial insurance policies for FY 2020/21 from Alliant Insurance Services (Alliant), estimated to cost \$522,385 in total:

- 1) Marine Commercial Liability including Terminal Operators
- 2) Excess Marine Liabilities
- 3) Automobile Liability
- 4) Property Insurance
- 5) Public Officials Management & Employment Practices Liability
- 6) Crime Insurance

Background/Discussion

WETA carries a variety of different insurance policies to protect the agency and its operation from third party claims and loss of property. These policies are renewed annually with WETA Board of Directors approval based upon quotes provided by WETA's insurance broker, Alliant Insurance Services.

This item authorizes the purchase of FY 2020/21 insurance policies consistent with prior year policies and coverage levels, as secured through Alliant Insurance Services with the addition of a WETA owned auto. Each type of insurance proposed is described below and policy coverage and pricing is detailed in the 2020/21 Insurance Policy Schedule provided as **Attachment A**.

Marine Commercial Liability and Excess Marine Liabilities

These coverages protect against third party claims for bodily injury and property damage at covered locations.

Automobile Liability

This coverage protects the insured against financial loss because of legal liability for automobile-related injuries to others or damage to their property by an automobile.

Property Insurance

This coverage provides protection against losses due to damage to property from fires, vandalism, accidents, earthquake, flood, etc. including both personal property and business inventory. This coverage also extends to the waterside assets consisting of the docks, floats, gangways, piers, pilings and ramps which are insured for replacement costs subject to the property insurance limits.

Public Officials Management & Employment Practices Liability

This coverage is designed to address the significant exposures faced by public entities and responds to claims brought against an insured public entity, its employees and volunteers for

any alleged or actual breach of duty, neglect, error, misstatement or omission in the course of public duties. Included is coverage for employment related matters, such as wrongful termination and harassment.

Crime Insurance

Crime insurance covers money, securities and other property against a variety of criminal acts including fraud, employee theft, robbery and forgery.

In addition to this coverage, it is worth noting that there is overlap between WETA's coverage and the coverage of our contract operator, Blue & Gold Fleet, for incidents that occur while passengers embark and debark from the vessels. Blue & Gold Fleet's bumbershoot insurance provides an additional \$49,000,000 of coverage for such incidents, bringing the liability limit up to \$74,000,000 between WETA's Excess Marine Liability policy (\$25,000,000) and Blue & Gold Fleet's Bumbershoot policy (\$49,000,000). Vessel insurance is provided separately through our contract operator Blue & Gold Fleet.

Actual annualized premiums for all policies for FY 2019/20 were \$452,371. Annual premiums for all FY 2020/21 policies are estimated to cost \$522,385 based upon preliminary estimates. This amount includes expanded coverage over the current year for the Downtown San Francisco Ferry Terminal expansion, the future Alameda Seaplane Lagoon Ferry Terminal and a new automobile liability policy for a WETA owned auto.

Fiscal Impact

Sufficient funds are included in the proposed FY 2020/21 Operating Budget to support the purchase of commercial insurance as outlined in this memorandum.

END

San Francisco Bay Area Water Transportation Authority (WETA)
2020 - 2021 Insurance Policy Schedule

Attachment A

Coverage	Locations	Deductible/Retention	FY 2019/20 Limit	FY 2019/20 Premium (annualized)	FY 2020/21 Limit	FY 2020/21 Estimated Premium
Marine Commercial Liability Terminal Operators Liability Wharfingers Liability	Pier 9 Offices Pier 9 Berthing Facility Central Bay O&M Facility North Bay O&M Facility Vallejo Ferry Ticket Office San Francisco Harbor Bay Alameda Main Street Alameda Seaplane Lagoon Oakland Clay Street Vallejo Mare Island South San Francisco Richmond	\$2,500 each occurrence	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$ 17,063	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$20,500
Auto Liability	2020 Toyota Camry	\$1,000	N/A	N/A	\$1,000,000 Each Occurrence	\$2,722
Excess Marine Liabilities	Pier 9 Offices Pier 9 Berthing Facility Central Bay O&M Facility North Bay O&M Facility Vallejo Ferry Ticket Office San Francisco Harbor Bay Alameda Main Street Alameda Seaplane Lagoon Oakland Clay Street Vallejo Mare Island South San Francisco Richmond	N/A	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 11,813 \$ 17,250	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 14,200 \$ 20,700
Property Insurance	Pier 9 Offices Pier 9 Berthing Facility Central Bay O&M Facility North Bay O&M Facility Vallejo Ferry Ticket Office San Francisco Harbor Bay Alameda Main Street Alameda Seaplane Lagoon Oakland Clay Street Vallejo Mare Island South San Francisco Richmond	\$25,000 to \$250,000	Total Insured Value: \$164,295,103	\$ 382,007	Total Insured Value: \$187,255,459	\$ 437,602
Public Officials Management & Employment Practices Liability	N/A	\$15,000 each public officials management \$25,000 each employment practices violation	\$3,000,000 Aggregate	\$ 22,978	\$3,000,000 Aggregate	\$ 25,276
Crime Insurance	N/A	\$2,500 each occurrence	\$1,000,000 Each Occurrence	\$ 1,260	\$1,000,000 Each Occurrence	\$ 1,386
				\$ 452,371		
					\$ 522,385	

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-16

APPROVE PURCHASE OF COMMERCIAL INSURANCE POLICIES FOR FY 2020/21

WHEREAS, WETA's existing commercial insurance policies expire on July 1, 2020 and WETA seeks to renew the policies through June 30, 2021; and

WHEREAS, these policies are being provided through Alliant Insurance Services, WETA's insurance broker, and WETA wishes to continue this arrangement for FY 2020/21; and

WHEREAS, WETA has received preliminary estimates for FY 2020/21 insurance coverage, expanded to cover new WETA facilities constructed as a part of the Downtown San Francisco Ferry Terminal expansion, the future Alameda Seaplane Lagoon Ferry Terminal and a new automobile liability policy for a WETA owned auto; and

WHEREAS, the estimated cost of insurance coverage in FY 2020/21, including expanded coverage for the new facilities, is fair and reasonable and consistent with prior year rates; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves and authorizes the Executive Director to purchase Commercial Insurance from Alliant Insurance Services at an estimated amount of \$522,385 for FY 2020/21.

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on May 7, 2020.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2020-16

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Overview of FY 2019/20 Financial Audit Scope and Process

Recommendation

There is no required action associated with this informational item.

Background/Discussion

Section 106.6 of WETA's Administrative Code requires preparation of an annual financial audit report by an independent auditor consistent with California Government Code Section 66540.54. The firm of Maze & Associates (Maze) is under contract with WETA to perform the independent audit for FY 2019/20.

Maze is scheduled to begin the initial field work associated with the audit of WETA's FY 2019/20 financial statements on June 22, 2020, and to issue the final audit reports no later than December 2020. The Engagement Letter, provided as **Attachment A** to this report, describes the scope of their audit, audit objectives, responsibilities of management and procedures pertaining to the audit. In addition, Maze has included their most recent peer review report.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END



April 29, 2020

Nina Rannells, Executive Director
San Francisco Bay Area Water Emergency Transit Authority
Pier 9, Suite 111
The Embarcadero
San Francisco, CA 94111

Dear Nina:

We are pleased to confirm our understanding of the services we are to provide for the San Francisco Bay Area Water Emergency Transit Authority as of and for the year ended June 30, 2020. The services we have been engaged to provide are outlined below, but we are also available to provide additional services at your request:

- Basic Financial Statements.
- Testing for compliance with the Single Audit Act and applicable laws and regulations and issuance of our reports thereon.
- Test Measure B funds for compliance with the Agreement for Distribution of Measure B Funds to Local Agencies and issue separate report thereon.
- Test Measure BB funds for compliance and issue separate report thereon.
- *Optional service:* Testing of compliance for the Transportation Development Act Program and preparation of required report, if required.

Accounting standards generally accepted in the United States of America provide for certain required supplementary information (RSI), such as management's discussion and analysis, to supplement the Authority's basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. As part of our engagement, we will apply certain limited procedures to the Authority's RSI in accordance with auditing standards generally accepted in the United States of America. These limited procedures will consist of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We will not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

If the Authority's financial statements are accompanied by supplementary information other than RSI, we will subject the supplementary information to the auditing procedures applied in our audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America, and will provide an opinion on it in relation to the financial statements as a whole.

Other information accompanying the financial statements will not be subjected to the auditing procedures applied in our audit of the financial statements, and our auditor's report will not provide an opinion or any assurance on that information.

Audit Objectives

The objective of our audit is the expression of opinions as to whether your financial statements are fairly presented, in all material respects, in conformity with U.S. generally accepted accounting principles and to report on the fairness of the accompanying supplementary information when considered in relation to the financial statements as a whole. The objective also includes reporting on:

- Internal control over financial reporting and compliance with the provisions of laws, regulations, contracts and award agreements, noncompliance with which could have a material effect on the financial statements in accordance with *Government Auditing Standards*.
- Internal control over compliance related to major programs and an opinion (or disclaimer of opinion) on compliance with federal statutes, regulations, and the terms and conditions of federal awards that could have a direct and material effect on each major program in accordance with the Single Audit Act Amendments of 1996 and Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles and Audit Requirements for Federal Awards* (Uniform Guidance).

The *Government Auditing Standards* report on internal control over financial reporting and on compliance and other matters will include a paragraph that states that (1) the purpose of the report is solely to describe the scope of testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control or on compliance, and (2) the report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering internal control and compliance. The Uniform Guidance report on internal control over compliance will include a paragraph that states that the purpose of the report on internal control over compliance is solely to describe the scope of testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Both reports will state that the report is not suitable for any other purpose.

Our audit will be conducted in accordance with auditing standards generally accepted in the United States of America; the standards for financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; the Single Audit Act Amendments of 1996; and the provisions of the Uniform Guidance, and will include tests of accounting records, a determination of major program(s) in accordance with the Uniform Guidance, and other procedures we consider necessary to enable us to express such opinions. We will issue written reports upon completion of our Single Audit. Our reports will be addressed to the Board of the Authority. We cannot provide assurance that unmodified opinions will be expressed. Circumstances may arise in which it is necessary for us to modify our opinions or add emphasis-of-matter or other-matter paragraphs. If our opinions are other than unmodified, we will discuss the reasons with Authority management in advance. If, for any reason, we are unable to complete the audit or are unable to form or have not formed opinions, we may decline to express opinions or issue reports, or may withdraw from this engagement.

Audit Procedures - General

An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; therefore, our audit will involve judgment about the number of transactions to be examined and the areas to be tested. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements. We will plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement, whether from (1) errors, (2) fraudulent financial reporting, (3) misappropriation of assets, or (4) violations of laws or governmental regulations that are attributable to the Authority or to acts by management or employees acting on behalf of the Authority. Because the determination of abuse is subjective, *Governmental Auditing Standards* do not expect auditors to provide reasonable assurance of detecting abuse.

Because of the inherent limitations of an audit, combined with the inherent limitations of internal control, and because we will not perform a detailed examination of all transactions, there is a risk that material misstatements or noncompliance may exist and not be detected by us, even though the audit is properly planned and performed in accordance with U.S. generally accepted auditing standards and *Government Auditing Standards*. In addition, an audit is not designed to detect immaterial misstatements, or violations of laws or governmental regulations that do not have a direct and material effect on the financial statements or on major programs. However, we will inform the appropriate level of management of any material errors, any fraudulent financial reporting, or misappropriation of assets that come to our attention. We will also inform the appropriate level of management of any violations of laws or governmental regulations that come to our attention, unless clearly inconsequential, and of any material abuse that comes to our attention. We will include such matters in the reports required for a Single Audit. Our responsibility as auditors is limited to the period covered by our audit and does not extend to any later periods for which we are not engaged as auditors.

Our procedures will include tests of documentary evidence supporting the transactions recorded in the accounts, and may include tests of physical existence of inventories, and direct confirmation of cash, investments and certain other assets and liabilities by correspondence with selected customers, creditors and financial institutions. We will request written representations from your attorneys as part of the engagement, and they may bill the Authority for responding to this inquiry. At the conclusion of our audit we will also require certain written representations from management about management's responsibilities for the financial statements; schedule of expenditures of federal awards; federal award programs; compliance with laws, regulations, contracts and grant agreements; and other responsibilities required by generally accepted auditing standards.

Audit Procedures - Internal Control

Our audit will include obtaining an understanding of the Authority and its environment, including internal control, sufficient to assess the risks of material misstatement of the financial statements and to design the nature, timing, and extent of further audit procedures. Tests of controls may be performed to test the effectiveness of certain controls that we consider relevant to preventing and detecting errors and fraud that are material to the financial statements and to preventing and detecting misstatements resulting from illegal acts and other noncompliance matters that have a direct and material effect on the financial statements. Our tests, if performed, will be less in scope than would be necessary to render an opinion on internal control and, accordingly, no opinion will be expressed in our report on internal control issued pursuant to *Government Auditing Standards*.

As required by the Uniform Guidance, we will perform tests of controls over compliance to evaluate the effectiveness of the design and operation of controls that we consider relevant to preventing or detecting material noncompliance with compliance requirements applicable to each major federal award program. However, our tests will be less in scope than would be necessary to render an opinion on those controls, and accordingly, no opinion will be expressed in our report on internal control issued pursuant to the Uniform Guidance.

An audit is not designed to provide assurance on internal control or to identify significant deficiencies or material weaknesses. However, during the audit, we will communicate to management and the Board internal control related matters that are required to be communicated under AICPA professional standards, *Government Auditing Standards*, and the Uniform Guidance.

Audit Procedures - Compliance

As part of obtaining reasonable assurance about whether the financial statements are free of material misstatement, we will perform tests of the Authority's compliance with provisions of applicable laws, regulations, contracts, and agreements, including grant agreements. However, the objective of those procedures will not be to provide an opinion on overall compliance and we will not express such an opinion in our report on compliance issued pursuant to *Government Auditing Standards*.

The Uniform Guidance requires that we also plan and perform the audit to obtain reasonable assurance about whether the Authority has complied with federal statutes, regulations and the terms and conditions of federal awards applicable to major programs. Our procedures will consist of tests of transactions and the applicable procedures described in the *OMB Compliance Supplement* for the types of compliance requirements that could have a direct and material effect on each major program. The purpose of these procedures will be to express an opinion on the Authority's compliance with requirements applicable to each of its major programs in our report on compliance issued pursuant to the Uniform Guidance.

Management Responsibilities

Management is responsible for (1) designing, implementing, establishing and maintaining effective internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error, including internal controls over federal awards, and for evaluating and monitoring ongoing activities to help ensure that appropriate goals and objectives are met; (2) following laws and regulations; (3) ensuring that there is reasonable assurance that government programs are administered in compliance with compliance requirements; and (4) ensuring that management and financial information is reliable and properly reported. Management is also responsible for implementing systems designed to achieve compliance with applicable laws, regulations, contracts, and grant agreements. Management is also responsible for the selection and application of accounting principles; for the preparation and fair presentation of the financial statements, schedule of expenditures of federal awards, and all accompanying information in conformity with U.S. generally accepted accounting principles; and for compliance with applicable laws and regulations (including federal statutes) and the provisions of contracts and grant agreements (including award agreements). Management's responsibilities also include identifying significant contractor relationships in which the contractor has responsibility for program compliance and for the accuracy and completeness of that information.

Management is responsible for making all financial records and related information available to us and for the accuracy and completeness of that information. Management is also responsible for providing us with (1) access to all information of which management is aware is relevant to the preparation and fair presentation of the financial statements; (2) access to personnel, accounts, books, records, supporting documentation, and other information as needed to perform an audit under the Uniform Guidance; (3) additional information that we may request for the purpose of the audit; and (4) unrestricted access to persons within the government from whom we determine it necessary to obtain audit evidence. We understand that the Authority will provide us with the Closing Checklist information required for our audit and that the Authority is responsible for the accuracy and completeness of that information.

Management's responsibilities include adjusting the financial statements to correct material misstatements and confirming to us in the management representation letter that the effects of any uncorrected misstatements aggregated by us during the current engagement and pertaining to the latest period presented are immaterial, both individually and in the aggregate, to the financial statements taken as a whole.

Management is responsible for the design and implementation of programs and controls to prevent and detect fraud, and for informing us about all known or suspected fraud affecting the Authority involving (1) management, (2) employees who have significant roles in internal control, and (3) others where the fraud could have a material effect on the financial statements. Management's responsibilities include informing us of its knowledge of any allegations of fraud or suspected fraud or illegal acts affecting the Authority received in communications from employees, former employees, grantors, regulators, or others. In addition, management is responsible for identifying and ensuring that it complies with applicable laws, regulations, contracts, agreements and grants. Management is also responsible for taking timely and appropriate steps to remedy fraud and noncompliance with provisions of laws, regulations, contracts and grant agreements, or abuse that we report. Additionally, as required by the Uniform Guidance, it is management's responsibility to evaluate and monitor noncompliance with federal statutes, regulations, and the terms and conditions of federal awards; take prompt action when instances of noncompliance are identified including noncompliance identified in audit findings; promptly follow up and take corrective action on reported audit findings; and prepare a summary schedule of prior audit findings and a separate corrective action plan. The summary schedule of prior audit findings must be made available for our review.

With regard to including the auditor's report in an exempt offering document, you agree that the aforementioned auditor's report, or reference to Maze & Associates, will not be included in any such offering document without our prior permission or consent. any agreement to perform work in connection with an exempt offering document, including an agreement to provide permission or consent will be a separate engagement. With regard to an exempt offering document with which Maze & Associates is not involved, you agree to clearly indicate in the exempt offering document that Maze & Associates is not involved with the contents of such offering document.

Management is also responsible for identifying all federal awards received and understanding and complying with the compliance requirements and for the preparation of the schedule of expenditures of federal awards (including notes and noncash assistance received) in conformity with the Uniform Guidance. Management agrees to include our report on the schedule of expenditures of federal awards in any document that contains and indicates that we have reported on the schedule of expenditures of federal awards. Management also agrees to include the audited financial statements with any presentation of the schedule of expenditures of federal awards that includes our report thereon. Management's responsibilities include acknowledging to us in the written representation letter that: (1) you are responsible for presentation of the schedule of expenditures of federal awards in accordance with the Uniform Guidance; (2) you believe the schedule of expenditures of federal awards, including its form and content, is stated fairly in accordance with the Uniform Guidance; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) you have disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the schedule of expenditures of federal awards.

Management is also responsible for the preparation of the other supplementary information, which we have been engaged to report on, in conformity with U.S. generally accepted accounting principles. Management agrees to include our report on the supplementary information in any document that contains and indicates that we have reported on the supplementary information. Management also agrees to include the audited financial statements with any presentation of the supplementary information that includes our report thereon. Management's responsibilities include acknowledging to us in the representation letter that: (1) management is responsible for presentation of the supplementary information in accordance with GAAP; (2) that management believes the supplementary information, including its form and content, is fairly presented in accordance with GAAP; (3) the methods of measurement or presentation have not changed from those used in the prior period (or, if they have changed, the reasons for such changes); and (4) management has disclosed to us any significant assumptions or interpretations underlying the measurement or presentation of the supplementary information.

Management is responsible for establishing and maintaining of a process for tracking the status of audit findings and recommendations. Management is also responsible for identifying and providing report copies of previous financial audits, attestation engagements, performance audits, or other studies related to the objectives discussed in the Audit Objective section of this letter. This responsibility includes relaying to us corrective actions taken to address significant findings and recommendations resulting from those audits, attestation engagements, performance audits or studies. Management is also responsible for providing management's views on our current findings, conclusions, and recommendations, as well as your planned corrective actions, for the report, and for the timing and format for providing that information.

With regard to the electronic dissemination of audited financial statements, including financial statements published electronically on your website, you understand that electronic sites are a means to distribute information and, therefore, we are not required to read the information contained in these sites or to consider the consistency of other information in the electronic site with the original document.

Management agrees to assume all management responsibilities relating to the financial statements, schedule of expenditures of federal awards, related notes, and any other nonaudit services we provide. Management will be required to acknowledge in the management representation letter our assistance with the preparation of the financial statements, schedule of expenditures of federal awards, and related notes and that you have reviewed and approved the financial statements, schedule of expenditures of federal awards, and related notes prior to their issuance and have accepted responsibility for them. Further, management agrees to oversee the nonaudit services by designating an individual, preferably from senior management, with suitable skill, knowledge, or experience; evaluate the adequacy and results of the services; and accepting responsibility for them.

Engagement Administration, Fees, and Other

We may from time to time, and depending on the circumstances, use third-party service providers in serving your account. We may share confidential information about you with these service providers, but remain committed to maintaining the confidentiality and security of your information. Accordingly, we maintain internal policies, procedures, and safeguards to protect the confidentiality of your personal information. In addition, we will secure confidentiality agreements with all service providers to maintain the confidentiality of your information and we will take reasonable precautions to determine that they have appropriate procedures in place to prevent the unauthorized release of your confidential information to others. In the event that we are unable to secure an appropriate confidentiality agreement, you will be asked to provide your consent prior to the sharing of your confidential information with the third-party service provider. Furthermore, we will remain responsible for the work provided by any such third-party service providers.

At the conclusion of the engagement, we will complete the appropriate sections of the Data Collection Form that summarizes our audit findings. It is management's responsibility to electronically submit the reporting package (including financial statements, schedule of expenditures of federal awards, summary schedule of prior audit findings, auditor's reports, and corrective action plan) along with the Data Collection Form to the federal audit clearinghouse. We will coordinate with you the electronic submission and certification. If applicable, we will provide copies of our report to you to include with the reporting package you will submit to pass-through entities. The Data Collection Form and the reporting package must be submitted within the earlier of 30 calendar days after receipt of the auditors' reports or nine months after the end of the audit period.

We will provide copies of our reports to the Authority; however, management is responsible for distribution of the reports and the financial statements. Unless restricted by law or regulation, or containing privileged and confidential information, copies of our reports are to be made available for public inspection.

The audit documentation for this engagement is our property and constitutes confidential information. However, subject to applicable laws and regulations, audit documentation and appropriate individuals will be made available upon request and in a timely manner to a federal agency providing direct or indirect funding, or the U.S. Government Accountability Office for purposes of a quality review of the audit, to resolve audit findings, or to carry out oversight responsibilities. We will notify you of any such request. If requested, access to such audit documentation will be provided under the supervision of Maze & Associates personnel. Furthermore, upon request, we may provide copies of selected audit documentation to the aforementioned parties. These parties may intend, or decide, to distribute the copies or information contained therein to others, including other governmental agencies.

We will retain audit documentation for this engagement for seven years after the report release date pursuant to state regulations. If we are aware that a federal awarding agency, pass-through entity, or auditee is contesting an audit finding, we will contact the party(ies) contesting the audit finding for guidance prior to destroying the audit documentation.

We expect to begin our audit in June 2020 and to issue our reports no later than December 31, 2020. David Alvey is the engagement partner and is responsible for supervising the engagement and signing the report or authorizing another individual to sign it.

To ensure that Maze & Associates' independence is not impaired under the AICPA *Code of Professional Conduct*, you agree to inform the engagement partner before entering into any substantive employment discussions with any of our personnel.

Our fees for these services are billed based on our contract with the Authority. Our standard hourly rates vary according to the degree of responsibility involved and the experience level of the personnel assigned to your audit. Our invoices for these fees will be rendered each month as work progresses and are payable on presentation. In accordance with our firm policies, work may be suspended if the Authority's account becomes thirty days or more overdue and may not be resumed until the Authority's account is paid in full. If we elect to terminate our services for nonpayment, our engagement will be deemed to have been completed upon written notification of termination, even if we have not completed our report(s). You will be obligated to compensate us for all time expended and to reimburse us for all out-of-pocket costs through the date of termination.

These fees are based on anticipated cooperation from Authority personnel, the completion of schedules and data requested on our Checklists, and the assumption that there will be no unexpected increases in work scope, such as new Single Audit Act major programs, new debt issues, etc., or delays which are beyond our control, as discussed on the Fees Attachment to this letter. If significant additional time is necessary, we will discuss it with Authority management and arrive at a new fee before we incur any additional costs.

We understand you will provide us with basic workspace sufficient to accommodate the audit team assigned to your audit. We understand the basic workspace will be equipped with a telephone and direct Internet access, preferably a temporary network outside of your network, a public IP address and a wired connection. We understand you will also provide us with access to a fax machine and read only access to your general ledger system.

You may request that we perform additional services not addressed in this engagement letter. If this occurs, we will communicate with you regarding the scope of the additional services and the estimated fees. We also may issue a separate engagement letter covering the additional services. In the absence of any other written communication from us documenting such additional services, or services will continue to be governed by the terms of this engagement letter.

Government Auditing Standards require that we provide the Authority with a copy of our most recent external peer review report and any subsequent peer review reports received during the period of the contract. Our most recent peer review report accompanies this letter.

We appreciate the opportunity to be of service to the Authority and believe this letter accurately summarizes the significant terms of our engagement. If you have any questions, please let us know. If you agree with the terms of our engagement as described in this letter, please sign the enclosed copy and return the entire copy to us.

Maze + Associates

Maze & Associates

RESPONSE:

This letter correctly sets forth the understanding of the Authority.

By: _____

Title: Nina Rannells, Executive Director

Date: May 7, 2020



Report on the Firm's System of Quality Control

January 31, 2018

To Maze & Associates Accountancy Corporation and the
Peer Review Committee of the California Society of CPAs

We have reviewed the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation (the firm) in effect for the year ended May 31, 2017. Our peer review was conducted in accordance with the Standards for Performing and Reporting on Peer Reviews established by the Peer Review Board of the American Institute of Certified Public Accountants (Standards).

A summary of the nature, objectives, scope, limitations of, and the procedures performed in a System Review as described in the Standards may be found at www.aicpa.org/prsummary. The summary also includes an explanation of how engagements identified as not performed or reported in conformity with applicable professional standards, if any, are evaluated by a peer reviewer to determine a peer review rating.

Firm's Responsibility

The firm is responsible for designing a system of quality control and complying with it to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. The firm is also responsible for evaluating actions to promptly remediate engagements deemed as not performed or reported in conformity with professional standards, when appropriate, and for remediating weaknesses in its system of quality control, if any.

Peer Reviewer's Responsibility

Our responsibility is to express an opinion on the design of the system of quality control and the firm's compliance therewith based on our review.

Required Selections and Considerations

Engagements selected for review included engagements performed under *Government Auditing Standards*, including compliance audits under the Single Audit Act.

As a part of our peer review, we considered reviews by regulatory entities as communicated by the firm, if applicable, in determining the nature and extent of our procedures.

Opinion

In our opinion, the system of quality control for the accounting and auditing practice of Maze & Associates Accountancy Corporation in effect for the year ended May 31, 2017, has been suitably designed and complied with to provide the firm with reasonable assurance of performing and reporting in conformity with applicable professional standards in all material respects. Firms can receive a rating of *pass*, *pass with deficiency(ies)* or *fail*. Maze & Associates Accountancy Corporation has received a peer review rating of *pass*.

Coughlan Napa CPA Company, Inc.

Coughlan Napa CPA Company, Inc.

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Keith Stahnke, Operations & Maintenance Manager
Tim Hanners, Engineering & Maintenance Administrator

SUBJECT: TIRCP Project Overview – All-Electric Vessel and Shoreside Infrastructure for Mission Bay

Recommendation

There is no recommendation associated with this informational item.

Background

WETA has consistently been an environmental leader in developing new clean technology for use on passenger ferry vessels. Beginning with its first vessels, the Gemini Class series constructed in 2007, WETA pushed for the development and implementation of new diesel engine after-treatment technology. This resulted in these vessels exceeding Environmental Protection Agency (EPA) then-current Tier 2 emissions standards by 97 percent, proving to the industry that increasingly stringent federal emissions requirements were achievable. WETA's newest fleet of three high speed vessels are the first passenger vessels in the country to achieve EPA Tier 4 emissions standards. While these have been innovative and cutting-edge achievements for the passenger ferry vessel industry, WETA has recognized the need to move towards hybrid and all-electric vessel technology. With the recent advancements in battery technology, demonstrating battery-electric zero emission technology on a small vessel in short-route service has been identified by staff as the first step toward moving WETA's fleet to electric propulsion technology.

In support of this goal, WETA submitted a grant application to the California State Transportation Agency's (CalSTA) Transit and Intercity Rail Capital Program (TIRCP) in January for \$18.12 million for two all-electric ferries and related shoreside infrastructure to support future Mission Bay and Treasure Island ferry services. TIRCP is part of California Climate Investments, a statewide program that puts billions of Cap-and-Trade dollars to work reducing greenhouse gas emissions, strengthening the economy and improving public health and the environment. WETA worked with the San Francisco County Transportation Authority (SFCTA) as co-applicants on the Treasure Island portion of the application and partnered with the Port of San Francisco for the Mission Bay portion of the application. On April 21, CalSTA announced an award of \$9.06 million for an all-electric ferry and related infrastructure for the Mission Bay service.

Discussion

WETA's TIRCP grant award for the Mission Bay project included \$9.06 million to support design and construction of one new all-electric vessel and related shoreside charging infrastructure at the Mission Bay and Downtown San Francisco ferry terminals. The Mission Bay ferry service is a critical 2.6-mile extension service between the Downtown San Francisco and Mission Bay ferry terminals and will improve the reach of existing ferry routes from Alameda, Oakland, Richmond and Vallejo.

Battery technology is currently not advanced enough to power high speed ferry vessels on long routes. All of the electric vessels built to date are low speed (less than 12 knots) with limited range (short trip applications only). Staff has selected the Downtown San Francisco to Mission Bay route to test all-electric technology because of the short, 2.6-mile length and lower speed required to operate this service.

The electric vessel design will use existing battery technology but will be flexible enough to take full advantage of the performance increases expected from advances in emerging battery technology. The 99-passenger vessel will meet the service profile requirements for the Mission Bay ferry route, which include completing up to 6 roundtrips per day - 3 in the morning and 3 in the evening – and carry up to 600 people per day in the commute direction. Ferry travel time between Mission Bay and the Downtown San Francisco Ferry Terminal is approximately 20 minutes each way. The cost to manufacture this all-electric 99-passenger vessel is anticipated to be \$4.3 million.

Electric vessels need to be charged after each trip when passengers are unloading and loading. However, shore power requirements to recharge vessel batteries rapidly during commute service are anticipated to be beyond the terminal capacity. As a result, this project will modify the Mission Bay and Downtown San Francisco terminal floats with banks of batteries and associated charging equipment that can be charged overnight and have the capacity to rapidly charge the vessel batteries during the commute service. This energy storage method allows for the purchase of power during off peak demand to reduce energy costs and provides some redundancy in the event of a short-term power outage. The estimated cost of the related charging infrastructure, which can be expanded for use with additional vessels in the future, is \$4.76 million.

Once funding is available, WETA will solicit proposals for engineering and design, construction and construction management for the vessel and landside charging infrastructure. Staff anticipates that the vessel will take approximately 20 months to construct from contract award, and the shoreside infrastructure is anticipated to take 9 months to build and install.

WETA, Caltrans and CalSTA will meet in May to discuss next steps and the administrative process for entering into the grant agreement. TIRCP funds are provided by CalSTA on a reimbursement basis, and funds cannot be spent until a grant allocation is approved by the California Transportation Commission which is anticipated to be sometime in August or September. This is an exciting opportunity for WETA to take a first step towards transitioning to zero-emission technology for its fleet.

Fiscal Impact

There is no fiscal impact associated with this informational update.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Proposed Ferry Service Recovery Approach

Recommendation

There is no recommendation for this informational item.

Background

On March 4, 2020, the Governor of the State of California declared a State of Emergency in California as a result of the COVID-19 pandemic. On March 13, 2020, the President of the United States declared a National Emergency due to the COVID-19 pandemic. On March 16, 2020, the public health officers of six Bay Area counties within WETA's jurisdiction issued orders directing residents to shelter in place (Local Health Orders) which were scheduled to last until at least April 7. The orders limit activity, travel and business functions only for essential needs. On March 17, 2020, the public health officers of the three remaining counties joined the six Bay Area counties within WETA's jurisdiction directing residents to shelter in place (Local Health Orders). By April 1, these Local Health Orders in all Bay Area counties were extended to May 1 and on April 27, the orders were extended through the end of May.

WETA experienced significant reductions in system ridership exceeding an 80 percent decline leading up to the issuance of the March 17 Local Health Orders. In anticipation of further ridership declines associated with the March 17 Local Health Orders and concern over WETA's budgetary reliance on fare revenues to support operations, the Executive Director authorized a series of temporary emergency service reductions and suspensions effective March 17, 2020.

On March 19, 2020 the Board held a Special Meeting to provide discussion and further guidance on the changes in services in response to this health emergency and the impact of the corresponding fare revenue losses on WETA's FY 2019/20 Operating Budget. At this meeting, the Board of Directors affirmed and ratified the actions of the Executive Director taken on March 17, 2020 to temporarily reduce ferry services.

This memorandum examines the strategy WETA may take for restarting ferry service throughout the system. The timetable for restarting service, the specific levels of service that may be offered and the available operating revenues are still unknown or only speculative given the evolving situation with the COVID-19 pandemic and the implications for the regional economy. However, the following discussion can help the WETA Board and system stakeholders envision what a return to normal service may look like.

Discussion

Given the unknowns of when and how the Bay Area will return to normalcy, the suggestion here is to follow a staged approach to restarting ferry service. Each stage introduces service gradually to match what is expected to be modest demand with available resources. As the economy and

demand build, the system architecture is designed to be modular, allowing for enhancements to be introduced over time to ensure that the ferry system is providing high quality transit service that is well utilized and cost effective.

Limitations and Constraints

The system will confront limitations in the restart effort. To begin, it is likely that the return to work and other activities will occur in an uneven manner, meaning that social distancing and stay-at-home orders may be relaxed for a period of time but tightened again if there is a return of infections or hospitalizations. Also, work environments and schedules may be significantly changed as workplaces accommodate social distancing requirements and commuters look to avoid crowded or congested situations. Finally, recreational activity – a component of WETA's overall rider market – is likely to be diminished or altered significantly as social distancing rules are relaxed but not lifted and the regional economy goes through what is anticipated to be a long recovery.

Revenues to operate the system will surely be reduced and there will be limited opportunities to generate fare revenue. As representatives from the Metropolitan Transportation Commission (MTC) indicated at the April 23 Board meeting, there will be limited supplemental funding for transit operators in the next fiscal year and many agencies will be in worse condition than WETA. Available bridge toll revenue will be reduced and fare revenue – in recent years a reliable 50-60 percent of operating revenues – will be limited due to reduced demand and limitations that may be placed on vessel passenger capacity.

Finally, the competitive environment in transportation may favor the automobile for an initial period of time as the economy slowly comes back. In recent years, Bay Area roadways and especially the Bay crossings, have experienced unprecedented levels of congestion which in turn has driven record levels of transit ridership. The ferry system ridership growth was clearly related to the overall level of crowding on other forms of transit, which had been experiencing delays and reliability issues in addition to crowding. Richmond ferry riders for example, in a recent passenger survey asking the reasons they chose the ferry, cited speed as the number three reason despite the built-in speed advantages of rail and even bus services. The 2017 WETA Passenger Survey found that between 50-60 percent of ferry riders systemwide would have used their automobile if not the ferry. With minimal traffic anticipated for the initial recovery period, WETA and all of transit should expect to lose market share to the automobile.

Growth Opportunities

While the outlook and recovery timetable for the Bay Area economy is unknown, the ferry system may be positioned to capture market share because of some natural advantages that have always attracted commuters to ferries. As the 2017 WETA Passenger Survey indicated, over 70 percent of riders chose the ferry for reasons related to quality, cleanliness and safety. Those results are echoed in the 2019 Richmond Survey, where 56 percent stated that they chose to ride the ferry for those same reasons. Transbay buses and BART may well struggle with social distancing requirements and the need to have equipment in service uncleaned for long periods of time. The ferry on the other hand, can legitimately claim that vessel hard surfaces are regularly cleaned after all peak runs. In addition, the outdoor space on every WETA vessel, combined with the ample interior space per passenger, will be attractive to commuters concerned about social distancing and remaining safe in a period before there is a vaccine to the coronavirus.

Many Bay Area companies are preparing for a phased return to full operations, with greater reliance on telecommuting or staggered office schedules. The traditional commute periods of 6-9 a.m. and 4-7 p.m. may be adjusted as workers go into offices for half days or even alternate days to ensure social distancing at the workplace. This trend was already occurring throughout the WETA system

and the Bay Area travel market in general prior to March 2020. A look at the last three years of ridership on the Oakland/Alameda route indicates that boardings between 9 a.m. and noon grew at a faster rate (38 percent) than peak AM boardings. BART data indicates that boardings in downtown San Francisco headed to the East Bay between 2-4 p.m. were about 33 percent of the total PM boardings between 1-7 p.m. on an average weekday. The ferry has been competitive with commuters traveling outside the peak periods likely due to the availability of parking at many terminals along with a reputation as a comfortable place to work. For example, close to 50 percent of South San Francisco ferry riders cited the “ability to multitask” as a primary reason for choosing the ferry.

Restarting Ferry Service in Stages

The ideal structure for restarting ferry service would be to design a modular system where services can be introduced at a low level to preserve anticipated limited operating revenue resources and gradually enhanced with minimal disruption to the established schedules, passengers and crews.

The goal would be to eventually bring ferry service back to the levels planned for in fall of 2019 when the Board had an extended conversation surrounding activating the new terminal at Seaplane Lagoon in Alameda. That change was anticipated to bring about enhancements for both Alameda and Oakland, addressing capacity constraints on the existing system and positioning new service for growth. Beyond the immediate horizon, the agency was focused on delivering more ferry service with the arrival of new vessels and the availability of Regional Measure 3 capital and operating revenues. The WETA Strategic Plan, which calls for frequencies of 15 and 30 minutes throughout the system, provides guidance for the ultimate vision for a state-of-the-art and attractive ferry service throughout San Francisco Bay.

While there is clarity on the ultimate profile of robust ferry service, the initial service offered in the recovery period needs to be sized to respond to a greatly diminished level of demand with an uncertain immediate future. As a result, service is proposed to be introduced in “stages” in acknowledgement of likely reduced operating revenue, demand for ferry service and vessel capacity.

The following summary of ferry system incremental enhancements follows the stages recently defined by the California Governor’s office.

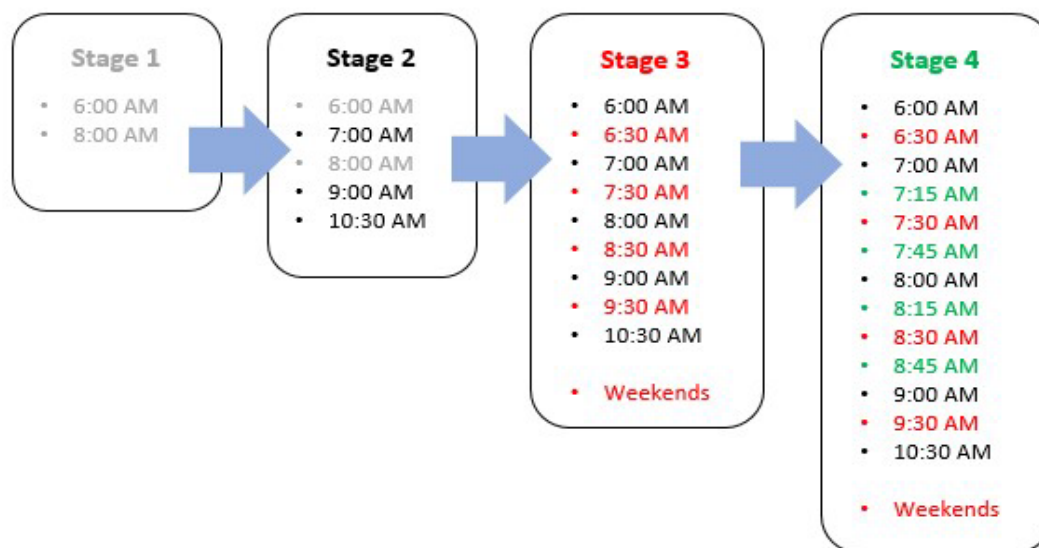
- Stage 1. A continuation of today’s minimum service levels sized for essential workers. It is likely that the current two-route, two-vessel weekday only service profile will be doubled to four vessels as other components of the economy are released. Estimated time: May-June 2020.
- Stage 2. Introduction of limited service at most terminals, for weekdays only. The goal would be to start service at levels that would meet demand and be able to mobilize additional vessels in service quickly as demand grows. More mid-morning and early afternoon service may be a feature in both stages to be more responsive to changed work schedules. It is possible that some terminals may not have any service in the early portions of Stage 2 if expected demand is still below minimum levels. It is anticipated that at this stage we will utilize up to 7 vessels in weekday service. Estimated time: July-December, with the ability to gradually add service as demand builds.
- Stage 3. A gradual return to planned service levels that would have been in place for FY 2020/21 prior to the COVID-19 outbreak. This would include 30-minute frequencies at high ridership terminals during peak periods. By the close of the fiscal year, weekend service

would return on three routes. It is estimated that at this stage we will utilize up to 11 vessels in weekday service. Estimated time: January-June, with gradual introduction of complete WETA weekday and weekend service.

- Stage 4. Expansion of ferry services to capture a healthy, thriving Bay Area travel market. Enhancements would continue to implement the vision of peak period 15 and 30-minute frequencies and greater midday and weekend service levels. It is estimated that at this stage we will utilize up to 12 vessels in weekday service. Estimated time: July 2021 and beyond.

Figure 1.0 below provides a conceptual illustration of a generic ferry service for a morning period. The graphic illustrates how service will be enhanced in stages without disruption to existing schedules, providing continuity to riders.

Figure 1.0 Illustrative Enhancement Schedule, AM Departures



Implementation

Staff will return in June 2020 with a proposed budget that is based on a detailed service plan for Stages 1 and 2. The service plan will also provide a look-ahead to future enhancements (Stages 3 and 4) to provide the Board with an idea of how service could be enhanced over time. Because the service plan will be dynamic, there will be a need to provide staff the flexibility to enact service enhancements consistent with Stages 3 and 4 as ridership increases.

Given the many unknowns regarding the current shelter-in-place policies and when the Bay Area economy will return, the best estimate for the start of Stage 2 service is currently July 2020.

Fiscal Impact

There is no fiscal impact associated with this discussion item.

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Financial Outlook – Preliminary FY 2020/21 Budget

Recommendation

There is no recommendation for this informational item.

Background

The Board of Directors has met frequently in recent weeks to take actions and consider information related to the impact of the COVID-19 pandemic on WETA's ferry service operation, workforce, ridership and finances. At the last meeting held on April 23, the Board received an estimate of FY 2019/20 expenditures through June 30, the end of the fiscal year. Through this analysis, staff estimated that WETA would have a year-end shortfall of \$3.6 million that could be covered with a portion of the \$12.5 million CARES Act funds allocated to WETA by the Metropolitan Transportation Commission (MTC) on April 22 that will be secured in a Federal Transit Administration (FTA) grant by the end of the year.

Through these discussions, staff informed the Board that development of the FY 2020/21 Budget has been impacted by the changing financial landscape and that it was anticipated that the final FY 2020/21 budget would be delayed from May to June in order to provide time to develop a service recovery plan and related budget. This item is intended to provide the Board with a preliminary financial outlook for FY 2020/21 for information, discussion and input.

Discussion

Prior to the implementation of shelter-in-place orders on March 17, staff had worked to lay the groundwork for a FY 2020/21 operating budget that anticipated moderate system expansion including new service from Seaplane Lagoon, as planned for in November 2019 and full summer weekend service from Richmond, as planned for in January 2020. This budget was developed consistent with the three-year financial projection discussed with the Board in fall 2019 plans were developed to move forward with the Seaplane Lagoon expansion. The baseline expense identified in this preliminary FY 2020/21 Operating Budget (provided as **Attachment A**) is \$55 million.

With the significant impact of the COVID-19 on travel in the Bay Area, staff has had to rethink our approach to budgeting for FY 2020/21 as a large number of unknown variables are now in play. As discussed in the previous item regarding service recovery, staff anticipates systematically ramping up ferry services over the course of next year consistent with the Governor's recovery stages and local health orders that impact the movement of people. This will result in some expense reduction from the baseline \$55 million budget developed to date.

On the revenue side, WETA's two primary revenue sources – fare revenues and RM2 Bridge Tolls – are anticipated to be significantly reduced as a result of the COVID-19 impacts. This will create a revenue shortfall in FY 2020/21 that is difficult to estimate with precision due to the unknown

timeline for opening up travel, the potential for a sustained work-from-home scenario and the general state of the economy and unemployment. With the limited two-vessel service operated today, fare revenue is down almost 100% from normal. Further, MTC staff has preliminarily indicated that RM2 Bridge Tolls could be reduced by 40% in FY 2020/21.

The preliminary FY 2020/21 Operating Budget includes service levels and expenses as originally anticipated prior to COVID-19 to establish a baseline for further refinement. Staff has overlaid three revenue scenarios in order to begin measuring the magnitude of the potential budget shortfall that will need to be filled with some combination of expense reductions and revenue additions. The preliminary baseline budget includes the following assumptions:

Baseline Expense Assumptions

- Full service operation and staffing
- New Seaplane Lagoon service in August and full summer Richmond service
- Negotiated and historical inflationary pay increases for crews and staff
- Fuel budgeted at \$2.50 a gallon, which is \$.50 less than FY 2019/20

Staff will work in the coming weeks to adjust the service level and related fuel and consumables consumption down to better match the recovery service scenarios under development. This will provide some cost savings, but the magnitude of the shortfall may require WETA to consider further ways to reduce service-dependent and discretionary expenses.

Revenue Scenarios

The three revenue scenarios developed are described briefly below. Based upon these scenarios, WETA revenues are projected to range between \$33.8 and \$40.5 million, leaving a shortfall from the baseline expense of between \$14.5 and \$21.2 million.

Low Revenue Scenario

- Fare Revenue – down 95% in July 2020, gradually increasing to 25% of normal by June 2021
- RM2 Bridge Tolls - down 40%, or \$7.8 million for the year
- CARES Act – assumes a carryover balance from FY 2019/20 of \$8.9 million
- Measure J – is specific to Richmond service operations and may require adjustment based upon the final recovery service plan
- All Other Revenues – includes the use of increased RM1 – 5% carry-over funds consistent with the November projection

Medium Revenue Scenario

- Fare Revenue – down 95% in July 2020, gradually increasing to 50% of normal by June 2021
- RM2 Bridge Tolls - down 40%, or \$7.8 million for the year
- CARES Act – assumes a carryover balance from FY 2019/20 of \$8.9 million
- Measure J – is specific to Richmond service operations and may require adjustment based upon the final recovery service plan
- All Other Revenues – includes the use of increased RM1 – 5% carry-over funds consistent with the November projection

High Revenue Scenario

- Fare Revenue - down 90% in July 2020, gradually increasing to 65% of normal by June 2021
- RM2 Bridge Tolls - down 40%, or \$7.8 million for the year
- CARES Act – assumes a carryover balance from FY 2019/20 of \$8.9 million

- Measure J – is specific to Richmond service operation and may require adjustment based upon the final recovery service plan
- All Other Revenues – includes the use of increased RM1 – 5% carry-over funds consistent with the November projection

Staff will continue to refine the fare and other revenue projection to identify a final estimate for the proposed FY 2020/21 Operating Budget in June and will work to identify options for seeking new revenues or using carryover funds banked at MTC to partially fill the estimated revenue gap.

Potential revenue options include:

- **CARES Act** - additional funds will be distributed by MTC in the coming months, which is not likely to be any more than \$8 million for WETA and could be significantly less depending upon how MTC assesses the relative need of all Bay Area transit operators. This amount will not likely be known until after the budget is adopted in June.
- **RM2 Bridge Tolls** – WETA could request that MTC hold this fund source whole in FY 2020/21 utilizing its reserves in acknowledgement of the significant funds that have been recaptured by MTC over the years with its use-it-or-lose-it policy. This represents an anticipated \$7.8 million in FY 2020/21.
- **Carryover Balances** – As discussed in March 2019, and again in Fall 2019, WETA has established reserve targets for capital and operating as follows: \$10 million capital reserve funded with State Transit Assistance funds banked at MTC and \$9+ million operating reserve (2 months of operating) funded with RM 1- 5% funds banked at MTC. WETA created these reserves over a number of years by allowing unneeded balances to accumulate while maximizing the use of RM2 use-it-or-lose-it funds for operating and Proposition 1B and other funds to support capital needs. Further, in the context of a 3 year outlook, in November 2019, the Board earmarked \$7.3 million current and future year RM1 program funds to support the start-up of Seaplane Lagoon service in August 2020 prior to a new permanent revenue source (RM3) being available, as well as \$2.6 million to support initial operation of the new Mission Bay service (2022 start) over the three-year financial projection period.

As a part of the final budget development, and in light of the changed circumstances with regard to service deployment over the recovery period, staff will review the reserve amounts and carry over balances and commitments to identify any additional funds from these and other revenue sources that WETA might plan to allocate to help close the projected FY 2020/21 funding gap while still leaving some funds to address additional unknown issues that may arise as we move forward through this unprecedented time.

Next Steps

Staff will work to develop a proposed FY 2020/21 Operating and Capital Budget for Board consideration at its scheduled June 4 meeting along with related grant applications for funds that must be put into place by July 1 to support system operation. Staff anticipates the need to periodically revisit this budget during the year and make adjustments as conditions change and more information becomes available.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

Attachment A

FY 2020/21 Preliminary Budget	Baseline FY2020/21 Budget	Revenue Scenarios		
		Low	Medium	High
Revenues				
Fare Revenue	\$24,422,100	\$2,089,710	\$5,185,490	\$7,591,760
Bridge Toll Revenue	26,667,900	18,867,900	18,867,900	20,067,900
<i>Regional Measure 1 - 5%, annual revenue</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>	<i>3,000,000</i>
<i>Regional Measure 1 - 5%, carryover from prior years</i>	<i>4,167,900</i>	<i>4,167,900</i>	<i>4,167,900</i>	<i>4,167,900</i>
<i>Regional Measure 2</i>	<i>19,500,000</i>	<i>11,700,000</i>	<i>11,700,000</i>	<i>12,900,000</i>
Local - Contra Costa Measure J	2,456,500	2,456,500	2,456,500	2,456,500
Local - Alameda Property Tax and Assessments	1,286,200	1,286,200	1,286,200	1,286,200
State Transit Assistance	201,300	201,300	201,300	201,300
Federal CARES Act Funds - 1st tranche	-	8,885,200	8,885,200	8,885,200
Federal CARES Act Funds - 2nd tranche	-	<i>TBD</i>	<i>TBD</i>	<i>TBD</i>
Total Revenues	\$55,034,000	\$33,786,810	\$36,882,590	\$40,488,860
Expenses				
Ferry Operations	\$52,034,000	\$52,034,000	\$52,034,000	\$52,034,000
<i>Vessel Expense</i>	<i>26,122,500</i>	<i>26,122,500</i>	<i>\$26,122,500</i>	<i>26,122,500</i>
<i>Non-Vessel Expense</i>	<i>3,533,100</i>	<i>3,533,100</i>	<i>\$3,533,100</i>	<i>3,533,100</i>
<i>Fixed Contract Operator Fees</i>	<i>2,805,800</i>	<i>2,805,800</i>	<i>\$2,805,800</i>	<i>2,805,800</i>
<i>Fuel Expense</i>	<i>9,220,500</i>	<i>9,220,500</i>	<i>\$9,220,500</i>	<i>9,220,500</i>
<i>WETA Direct Expense</i>	<i>10,352,100</i>	<i>10,352,100</i>	<i>\$10,352,100</i>	<i>10,352,100</i>
Planning & Administration	\$3,000,000	\$3,000,000	\$3,000,000	\$3,000,000
Total Expenses	\$55,034,000	\$55,034,000	\$55,034,000	\$55,034,000
Net Operating Result / Funding Gap	\$0	(\$21,247,190)	(\$18,151,410)	(\$14,545,140)
<i>Farebox Recovery</i>	<i>47%</i>	<i>4.0%</i>	<i>10.0%</i>	<i>14.6%</i>