

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

(May 21, 2020)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in special session via videoconference 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 meeting to order at 1:32 p.m. and welcomed guests. Chair Wunderman, Director Anthony Intintoli and Director Jeffrey DelBono were in attendance.

Chair Wunderman advised guests on how to share comments on the meeting's agenda items. He said Directors would welcome public comments and noted that they would be limited to the items on the agenda since this was a special meeting.

Chair Wunderman said that in these unprecedented times, WETA was competing for funding with all public agencies, not just transportation agencies. He emphasized the importance of WETA knowing exactly what it needs on the funding front, and for what purposes, to assure it will be nimble and competitive in pursuing funds.

Chair Wunderman said he and Executive Director Nina Rannells had agreed staff would bring a recovery and safety plan to the Board at the June meeting so Directors can review and approve it. He spoke to the question of whether transit operators should require that passengers wear masks to ride and said he absolutely believed WETA should require masks to travel on its ferries. The Chair said he had been appointed to the Metropolitan Transportation Commission (MTC) Blue Ribbon Transit Recovery Task Force and would be reporting on its efforts and progress. He said a primary objective of the group will be to determine how best to instill the confidence the public needs to feel safe enough to return to public transit.

2. OVERVIEW OF AGENCY FUNDING

Ms. Rannells introduced this overview of agency funding. She said that Regional Measure 1 (RM1) and Regional Measure 2 (RM2), along with passenger fares, have historically fully funded WETA's annual operating budgets of \$50 to \$54 million. She said of the \$54 million budget proposed for Fiscal Year (FY) 2020/21, RM1 and RM2 would typically provide about \$22.5 million and it was almost certain that this funding would be reduced because of pandemic-induced bridge toll losses. Ms. Rannells also noted that Regional Measure 3 (RM3) had been included in the updated overview. She said that WETA had been accumulating its reserve funds since 2011, when passenger service began, and that these funds were expected to reach about \$30 million by the end of the fiscal year. She explained that some of the money from these reserve funds had been included in the proposed baseline budget that staff would be presenting in the next item.

Chair Wunderman thanked Ms. Rannells and her staff for their efforts to provide the Board with clarity on WETA's funding sources. He said given the many unknowns that will challenge WETA's planning efforts during this time, it was certain that Directors would be revisiting the budget regularly as the

recovery period unfolds. Chair Wunderman said given the requirement that MTC have an adopted budget to be able to approve funding for WETA, it made sense to approve a baseline budget now. It was agreed that this baseline budget would be regularly revisited and adjusted as necessary as information becomes available and the Bay Area recovery unfolds.

Director Intintoli reminded Directors that some of WETA's reserves had already been earmarked for long-planned new service. He cautioned that the Board needs to consider what actions it can take to control costs, such as the staff cost of living increase, in order to ensure that WETA does not fully deplete its reserves as everyone would suffer as a result.

Direct DelBono thanked Ms. Rannells for the easy to read and understand overview provided for Directors in the Board materials.

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

3. APPROVE BASELINE FISCAL YEAR 2020/21 OPERATING AND CAPITAL BUDGET

Ms. Rannells presented this item to approve a baseline FY 2020/21 Operating and Capital Budget. She shared a brief PowerPoint presentation for Directors on the budget's highlights. She said the budget that staff was recommending Directors adopt today was a baseline budget to establish a starting point for FY 2020/21 which would begin on July 1, 2020. She said WETA needs to submit grant applications to MTC to assure WETA will receive funds beginning in July. Ms. Rannells said that the Board's baseline budget approval will also support WETA's funding distribution from the second batch of the federal Coronavirus Aid, Relief, and Economic Security (CARES) Act to be distributed by MTC. She said it would also inform WETA's recovery process and provide an opportunity to consider, and potentially reduce, expenses from the proposed baseline which she noted had been projected on the high end.

Ms. Rannells said if approved, she expected a revisit of the budget perhaps as early as late June or early July, after staff had a better idea of how much more CARES Act funding WETA would receive, the status of RM2 funds, and more clear ideas of how expenses might be reduced. She noted that the proposed budget included funding to begin the new Seaplane Lagoon service in Alameda later this year and that all service had been assumed to match historical ridership and support WETA's emergency response mandate.

Ms. Rannells emphasized that moving into FY 2020/21, WETA's service will need to be flexible enough to ramp up or down as ridership dictates during what was expected to be a lengthy recovery period as the Bay Area returns to work. She said the proposed budget supported WETA's increased vessel cleaning work and schedules, as well as personal protective equipment (PPE) for crews. Ms. Rannells noted that WETA was already requiring that masks be worn by crews and by passengers wanting to travel on WETA ferries.

Ms. Rannells said that WETA's capital program expenses focused on vessel construction and refurbishment and included the closing out of major facility construction projects. She said the rollout of WETA's all-electric vessel was included, as were the studies for hovercraft, Redwood City service, and Berkeley service feasibility.

Ms. Rannells explained that most of the ferry operations expense was for purchased transportation provided by the Blue & Gold Fleet (Blue & Gold) and fuel. She said the baseline budget proposed included full vessel crews and facilities maintenance staffing levels and all Blue & Gold fees and profit. She said WETA's fuel costs had been reduced in the budget to \$2.50/gallon from the \$3.00/gallon in the last budget because this cost had decreased.

Ms. Rannells said the baseline budget supported WETA's current planning and administrative staffing of 17 full-time employees, the same as last year, and she noted that she had not added any staff as Directors had recommended in anticipation of WETA receiving RM3 funding to pursue service expansion. She said that she will be looking to Directors for policy direction on WETA's annual Cost of Living salary adjustment decision normally scheduled to go into effect on July 1, at the beginning of the new fiscal year.

Ms. Rannells explained that staff had used the low scenario discussed at the previous Board meeting for the projected fare revenue in the proposed baseline budget. She said it was very conservative and reflected a beginning of nearly zero on July 1 with a ramp up to approximately 25% of normal by June 2021. She said the operating revenue projections also assumed \$17 million in CARES Act funds, including \$9 in carryover funds from the first distribution of the federal aid and an unconfirmed \$8 million from the second anticipated distribution.

Ms. Rannells further noted that it was likely that WETA's RM2 funds would be cut by 25 to 40%. She said she had been told the cut would likely be 35% unless WETA was able to convince MTC otherwise. She said travel and tolls on the bridges had been drastically reduced and noted that RM2 requirements limited use of those funds to just 38% for transportation purposes, so the notion of a reduction in funds was not a surprise. Ms. Rannells said the budget included full funding from RM1 with added carryover funds, and she noted that this meant for the first time in WETA's history, it was dipping into reserve funds to balance its operating budget.

Ms. Rannells said that WETA was anticipated to have a \$29 million operating budget deficit for FY 2020/21 as a result of its pandemic-induced ridership loss. She noted that this projection included a \$7 million reduction in RM2 funds. She said the CARES Act funds would help to reduce this deficit but that a gap of between \$12 and \$20 million would remain that would need to be resolved with expense reductions, additional subsidies, and use of WETA's reserve funds. Ms. Rannells said the proposed baseline budget was balanced but that it had been created with assumptions that will need to be further reviewed and modified in the coming weeks.

Ms. Rannells noted that the capital budget included two new vessels under construction, two replacement vessels currently out to bid, the new all-electric vessel and shoreside charging facilities construction, and WETA's usual vessel refurbishment projects for fleet maintenance. She said that nearly 100% of WETA's capital funding comes from capital-only money, with the largest portion coming from the end of Proposition 1B funds from the State of California (State). She added that an abundance of RM2 funds on the operating side and Proposition 1B funds on the capital side are the primary reasons that WETA has been able to create reserves in recent years.

Ms. Rannells said she welcomed the Board's thoughts and ideas in the June 4 meeting discussion about how to reduce costs and pursue funding to move forward.

Director Intintoli said he would like to hear future discussion about whether or not security staff might be needed aboard vessels to help assure passengers wear masks, concern over the fact that no one wants to see WETA operating full service if no one is riding the boats, and what plans there might be for WETA staff to return to work at the Pier 9 office. It was noted that the rent for WETA's Pier 9 office was approximately \$30,000 monthly. Chair Wunderman said a recent Bay Area Council survey found that 20% of responding employers planned to have their entire staffs work from home in perpetuity and 70% planned to increase telecommuting by their staffs even after recovery.

Director DelBono said he would like to have the Board meet again sooner rather than later and that getting information out as early as possible during this time was important. It was agreed that these discussions and decisions were a top priority and were expected to remain so for some time.

Chair Wunderman called for public comments on the proposed baseline budget and there were none.

Director Intintoli made a motion to approve the item.

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

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

4. AUTHORIZE FILING APPLICATIONS WITH THE METROPOLITAN TRANSPORTATION COMMISSION FOR FISCAL YEAR 2020/21 REGIONAL MEASURE 1 AND REGIONAL MEASURE 2 FUNDS

Ms. Rannells presented this item to authorize filing applications with MTC for FY 2020/21 RM1 and RM2 funds. She said the requests to MTC would be for the full amounts as approved in the baseline budget just discussed.

Director DelBono made a motion to approve the item.

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

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

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

Chair Wunderman thanked his fellow Directors for their work and commitment and said he was proud to work with them. He thanked Ms. Rannells and her staff for their efforts to provide the Board with the detailed information in the meeting materials. Chair Wunderman said anyone who cares about water transit was needed now more than ever to partner with WETA to support the agency's objective of building a world class regional water transportation system. He said once traffic returns to the region's highways, people would likely return to public transportation, and especially to the ferries given the safe environment WETA can provide for their commutes.

With all business concluded, Chair Wunderman adjourned the meeting at 2:32 p.m.

- Board Secretary

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