

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

(May 7, 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 (Governor) 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 1:31 p.m.

2. ROLL CALL

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

3. REPORT OF BOARD CHAIR

Chair Wunderman noted that this regular meeting was being recorded. He thanked his fellow Directors for their participation and said because there were currently only three members on the WETA Board that all Directors needed to be present for meetings to have a quorum and that a consensus was required for any action items to pass. Chair Wunderman said he appreciated that all three Directors had been able to participate in the regular meetings recently and in the special meetings that were being called to address the many challenges of the COVID-19 pandemic crisis.

Chair Wunderman said that the Governor was working on guidelines for California to safely reopen for business. He cautioned that WETA and all Bay Area transportation agencies will be facing a daunting challenge of not knowing how the public will respond during the recovery. Chair Wunderman said it will be crucial for WETA to maintain a close and transparent working relationship with the Metropolitan Transportation Commission (MTC) throughout the recovery period because they will play a major role in the transportation recovery process in the Bay Area.

Chair Wunderman commended WETA Executive Director Nina Rannells and her staff for the work that went into the Board materials on the recovery scenarios. He said this information will play a vital role in WETA's communications with MTC and other regulatory bodies.

4. REPORTS OF DIRECTORS

Director Intintoli echoed the comments of the Chair and thanked him for his leadership during this time. He also commended Ms. Rannells and her staff for their work on the meeting materials and said he had found the financial information particularly helpful. He said he especially appreciated the work done by staff given the additional special meetings that have been taking place during the pandemic crisis.

Director DelBono echoed the comments of the Chair and Director Intintoli.

5. REPORTS OF STAFF

Ms. Rannells provided her written report to Directors and welcomed questions. She noted that crews had returned to WETA's Downtown San Francisco Ferry Expansion Project construction site and said

staff was hopeful that the fences around the project would be coming down and the facility would be opening soon. Ms. Rannells said staff had been working with the City of San Francisco on bringing shore power to the facility as one of the final requirements to complete the project. She added that this had been complicated by how the San Francisco Public Utilities Commission works and how power is delivered in San Francisco. Ms. Rannells said that staff had identified a solution, and she advised Directors that they could expect to see an item at the next Board meeting to award a contract to have this final piece of the project completed.

Ms. Rannells said that a date had been set for the Regional Measure 3 (RM3) appeal cases hearing. She said once arguments were heard via teleconference and briefs were filed, the Court of Appeals will have 90 days to issue an opinion. Ms. Rannells said it was possible that the decision could be appealed again and if it were, the matter would then be escalated to the California Supreme Court to decide if it wanted to review the case. She said this could add time to the resolution timeline. Ms. Rannells said she was hopeful that good news would come with a decision expected in late August.

Chair Wunderman agreed with Ms. Rannells that this was good news. He said many people had worked extremely hard on RM3 and it was a big part of WETA's future. Chair Wunderman said WETA needed to be ready for RM3 because the public will have high expectations of WETA when it receives the measure's funding.

Chair Wunderman noted a recently released Vanderbilt University Transportation Institute study that found the Bay Area could end up having the worst traffic increase in the nation if transit users return to their vehicles to commute as they return to work. He said it will be crucial for WETA to find ways to promote the service that make people feel comfortable, safe, and positive about returning to public transit instead of their personal vehicles.

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

6. CONSENT CALENDAR

Director Intintoli made a motion to approve the consent calendar:

- 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

Chair Wunderman called for public comments and there were none.

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

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

7. TIRCP PROJECT OVERVIEW – ALL-ELECTRIC VESSEL AND SHORESIDE INFRASTRUCTURE FOR MISSION BAY

Operations and Maintenance Manager Keith Stahnke presented this informational overview of WETA's Transit and Intercity Rail Capital Program (TIRCP) grant to build a zero emissions vessel and shoreside infrastructure for its new Mission Bay route. He noted that while WETA has consistently been an environmental leader with its capital construction projects that have resulted in operations of the lowest emissions, high-speed, passenger ferry fleet anywhere in the world, WETA has recognized the need to move to even lower emissions vessel technologies. Mr. Stahnke said battery-electric technology in a short-route service is the first step in moving WETA's fleet forward.

Mr. Stahnke said that shoreside power requirements to charge the new vessel were beyond terminal capacities and that about half the total cost of the project would be used to provide shoreside charging infrastructure to support rapid vessel recharging. He said the grant funds would be provided with approved allocation on a reimbursement basis. Mr. Stahnke added that WETA, Caltrans, and the California State Transportation Agency (CalSTA) would be meeting to discuss the administrative process for entering into the grant agreement and next steps, and he added that the project was expected to begin moving forward by this fall with an anticipated completion and service date for the new vessel in 2022.

Mr. Stahnke thanked WETA's State Legislative Representative Jennifer Capitolo from Nossaman, WETA Program Manager/Analyst Lauren Gularte, and Ms. Rannells for their important work on this grant application.

Chair Wunderman said this news was positive and exciting and thanked everyone who had contributed to the grant application work.

Chair Wunderman called for public comments and there were none.

8. PROPOSED FERRY SERVICE RECOVERY APPROACH

Planning & Development Manager Kevin Connolly presented this informational item on WETA's proposed ferry service recovery approach. He noted that the overview he was presenting today provided a philosophical approach to how the WETA system can be restarted. He said that pre-pandemic the Bay Area had a healthy 20% transit ridership to help relieve limited road and bridge capacity and said to push people out onto the roads when the shelter-in-place health orders end would be infeasible. Mr. Connolly thanked the Chair for referencing the recent Vanderbilt University study on traffic congestion when people begin going back to work.

Mr. Connolly said that over the last few weeks, staff had spoken with other Bay Area transportation agencies and employers about people going back to work and learned that employees will likely have staggered schedules and will work from home more often. He said there was going to be great incentive for people to drive given their safety concerns. Mr. Connolly explained that staff had used the Governor's stages of reopening to create WETA's recovery approach. He said that following these guidelines, WETA was currently in Stage 1, with 2 boats in service on a limited schedule.

Mr. Connolly said that the ferry was well positioned to capture some growth based on the fresh air nature of the service, the safety and cleanliness, and the quality of the ride. He said these are things to lean into as WETA begins its service again. Mr. Connolly said the challenge was going to be how to bring service back in a metered way that supports ridership demands. He said the way to find out what the response is going to be would be to get the service going with quarterly evaluations of ridership and revenue.

Mr. Connolly said staff continued to monitor ridership on the two service routes that are currently running in Stage 1. He said Stage 2 would introduce service throughout the system on weekdays with limited commuter service. Mr. Connolly said Stage 3 could include the return of limited weekend service and additional layering into the Stage 2 service with additional vessels and departures. He said this Stage would get much closer to what we have come to know of the robust service schedule WETA had pre-pandemic, adding that it would all depend on demand. Mr. Connolly explained that Stage 4 would be a full return to pre-pandemic service, running 12-13 vessels with full schedules across all routes, full weekend service in Richmond, and ample service to the Chase Center for Warriors games.

Mr. Connolly said this recovery architecture would allow WETA to respond to changes in the future unknown landscape, such as new health orders to shelter in place being issued after reopening begins if Bay Area virus infections spike up again. He said all four Stages were expected to take place in the next fiscal year.

Chair Wunderman said that frequency was a determinate factor in public transit use. He asked if it made sense to consider increasing frequency in an earlier stage to utilize WETA crews being kept online and to provide more service to the public sooner.

Ms. Rannells said the proposed recovery plan will be flexible enough to respond quickly to the market and to balance WETA's financial challenges.

Director Intintoli said that the Governor had just announced that day that the state was facing a huge budget deficit. He also reminded Directors that it would be unlikely that WETA would be receiving any emergency funding from the state based on the information in the Board's legislative report from Nossaman. Director Intintoli said that WETA would be in a terrible position if it ran out of the CARES Act funds and received no additional emergency funding. He said the service has been operated very frugally over the last decade, and WETA has returned millions of dollars to MTC over the years. Director Intintoli asked if it was possible to use some of those funds to help provide a more robust service during this time.

Chair Wunderman said if money were no object, WETA would provide very robust service and possibly incentivize riders to take the ferry with attractive, lower pricing for a limited time. Director DeBono said he agreed that WETA wanted to provide as robust service as possible, and he acknowledged that the costs associated with that may be prohibitive.

Director DeBono said he was very keen on seeing WETA's marketing plan for communicating with riders and potential riders to get them back onto the ferries. He asked that this plan be shared at the next meeting. Director DeBono said he would also like to see the new measures for health and safety including social distancing that are being or have been put in place to support riders and crews during the recovery period. He said at some point he would also like more details on the cleaning products being used to disinfect the vessels and to wipe surfaces down.

Ms. Rannells said the marketing plan outline was already complete and would be brought to the Board in June. She added that all crews and riders were wearing masks and that social distancing requirements were in place and being enforced including a 25% maximum ridership limit on vessels that will remain as the vessels begin filling up.

PUBLIC COMMENT

An anonymous speaker said that the Santa Clara Valley Transportation Authority (VTA) was currently providing free rides to the public. He suggested staff talk with them to find out how that was going and said offering a pricing of zero to half price for the ferry rides would be a great idea to draw people back. He added that it was important to let the public know that WETA was enforcing social distancing on vessels because it was likely that most people were not aware. He said it was important to let everyone know it is safe to ride the ferry.

9. FINANCIAL OUTLOOK – PRELIMINARY FY 2020/21 BUDGET

Ms. Rannells presented this informational item on WETA's preliminary FY 2020/21 budget and financial outlook. She said there were so many unknowns in the future and questions about how things will roll out. She said the \$12.5 million in CARES Act funds that WETA had received will cover the current fiscal year budget shortfall of approximately \$3.6 million and help with the fiscal challenges

in the next fiscal year which begins on July 1. In this item, she noted, she had provided Directors with a baseline budget that staff would have brought if the pandemic devastation had not happened, including the weekend service in Richmond that had been planned for 2020. She said that the three revenue projection scenarios could be viewed in comparison to the baseline budget and they showed that the revenue shortfall in the next fiscal year would be somewhere between \$11 and \$21 million.

Ms. Rannells said there will be some room to find some expense reductions. She said there was a possibility that WETA could receive up to \$8 million from the second tranche of the CARES Act funds and that this would be an ongoing conversation with MTC over the next few months. She said staff had been notified of a possible 40% reduction in Regional Measure 2 (RM2) funds to WETA and noted that the case could be made that reducing that funding at this time doesn't make sense if there was any way MTC could feasibly prevent that reduction. She added that if people do return to their cars after health orders are lifted that bridge toll revenues may not be as depressed as MTC had initially been projecting.

Ms. Rannells said that a third opportunity to close the anticipated funding gap existed in WETA's reserve funds. She said these funds have been held for a rainy day and this pandemic was certainly a rainy day. Ms. Rannells said the possibility to draw down some of those funds could also be on the table. She said she remained hopeful that with a concerted effort on these funding opportunity fronts and discussions with MTC about how important ferries will be to the Bay Area's recovery, that WETA's next fiscal year financial gap can be closed.

Ms. Rannells said that in talking with other transportation agencies who were also highly dependent on MTC grant funding, she had learned that many were adopting their baseline budgets now in order to get grant funds in place by the beginning of the new fiscal year on July 1. She suggested that the Directors consider holding a special meeting in two weeks to adopt a baseline budget and approve grant applications so that staff can submit requests for allocation of Regional Measure 1 and RM2 operating funds for MTC action in June. She said the budget would be adopted with the understanding that it would be revisited regularly and amended as conditions changed and to support closure of the anticipated revenue gap. She said this was the most straightforward way ahead during these uncertain times.

Director Intintoli said he would like to meet in two weeks to consider adopting a baseline budget and that he was available to attend. Director DelBono said he would also be in favor of a special meeting to receive the budget and have this discussion. He said he would also like to have more details on how the budget works, what funds are in reserve, and what flexibility of use existed for any cash on hand to help resolve revenue shortfalls. He said he would also like clarity on how much capital funding WETA has and whether it can be used for things other than capital projects. Ms. Rannells said she will have those details when staff returns with the baseline budget in two weeks.

Chair Wunderman called for public comments on this item and there were none.

Directors agreed that a videoconference for the special meeting in two weeks would be preferred to teleconference to support the use of visual aids for items as needed.

10. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

Chair Wunderman called for public comments for non-agenda items and there none.

With all business concluded, Chair Wunderman adjourned the meeting at 2:50 p.m.

- Board Secretary
END