

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

*(June 18, 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 – BOARD CHAIR**

Chair James Wunderman called the meeting to order at 1:30 p.m. He welcomed guests and advised that the meeting was being recorded. Chair Wunderman also advised how guests could sign up to speak to Directors during the meeting and noted that since this was a special meeting, public comments to Directors would be limited to agenda items only. Chair Wunderman, Director Anthony Intintoli, and Director Jeffrey DeIBono were in attendance. Chair Wunderman then introduced Executive Director Nina Rannells.

**2. REPORTS OF STAFF**

Ms. Rannells explained that she had submitted a letter of resignation from her position as Executive Director at WETA and that she would be retiring. She read her letter and thanked Directors for the opportunity to have served WETA for the last 11 years. Ms. Rannells said she would be retiring on January 31, 2021 at the end of her current contract. She said serving as WETA's Executive Director had been a dream job that she never would have imagined could be hers and that it had been an honor for which she will be forever grateful.

Chair Wunderman thanked Ms. Rannells for her excellent service to WETA and said that as a result of her efforts, the agency was better positioned to brave the current pandemic crisis storm than it otherwise would have been. He said WETA's staff was lucky to have had Ms. Rannells's fine leadership and that she would be difficult to replace. Chair Wunderman added that the Board would begin its search for a new Executive Director for WETA right away and that having help from Ms. Rannells in that process will be appreciated.

Director Intintoli thanked and congratulated Ms. Rannells for her magnificent work on behalf of WETA and for the excellent staff she has assembled. He said he had made many hiring decisions in his life and none had been better than the one to hire Ms. Rannells.

Director DeIBono also thanked Ms. Rannells for her excellent work and for educating him when he first joined the Board. He said she had put together an excellent staff which had been able to get so much done with so few people.

Ms. Rannells said that the pandemic crisis had cemented for her what is important in life and she looked forward to spending time with her family and friends after she retires.

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

### **3. CONSENT CALENDAR**

Director Intintoli made a motion to approve the consent calendar:

- a. Approve Sole Source Contract Award to Cummins, Inc. for Main Propulsion Engine Overhauls and to ZF Marine Propulsion Systems Miramar, LLC for Reduction Gearbox Overhauls

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

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

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

### **4. APPROVE WETA FERRY SERVICE RECOVERY PLAN**

Planning & Development Manager Kevin Connolly presented this item to approve the WETA Ferry Service Recovery Plan. He explained that the WETA Strategic Plan, adopted by Directors in 2015, served as the foundation for how to move forward because it was rooted in WETA's core principles.

Mr. Connolly shared a PowerPoint presentation and reviewed some of the work being done by the members of the Metropolitan Transportation Commission's Blue Ribbon Transit Recovery Task Force (Task Force) including reviewing transportation funding streams. He noted that Chair Wunderman was serving on the Task Force. Mr. Connolly said every transportation agency in the Bay Area faced a unique set of funding challenges.

Mr. Connolly said that he and Ms. Rannells were participating in multiple meetings each week in collaborative efforts with other agencies to create recovery plans. He said one of the objectives of this work was to make Bay Area public transit options more seamless for riders. He said another important objective was to identify how best to communicate to the public that returning to public transit is safe. Mr. Connolly explained that staff had been communicating with cities and Bay Area employers about their plans to bring employees back to work and that a May 2020 survey of 123 Chief Executive Officers done by the Bay Area Council (BAC) had been very valuable and indicated that about 80 percent of their workforce was working from home. He said the BAC survey had also shown that 90 percent of the 123 surveyed planned to change staff work schedules, reduce the amount of time employees spend in the office, and stagger office occupancy in the future. Mr. Connolly noted that the BAC plans to do the survey again soon because of how fast information was changing, and he added that WETA was planning on releasing a rider input survey soon.

Mr. Connolly explained that given the current dynamic environment WETA is facing right now, staff had made very conservative assumptions about how soon to bring service back. He said this was in line with what other Bay Area agencies were doing, including the elimination of 30 percent of service lines by the San Francisco Municipal Transportation Agency and the Valley Transportation Authority's expectation that only about 50 percent of its usual service level will return over the next year.

Mr. Connolly said one of the key changes WETA had put in place was reduced capacity limits on its vessels to assure that passengers can practice social distancing while on the ferry. He noted that some cities, New York City and Vancouver, Canada to name two, were operating their vessels with a 50 percent passenger capacity. Mr. Connolly noted that WETA vessels were and would be operating at 25 percent passenger capacity in a diligent effort to help assure passengers that WETA ferries are safe. He said all Bay Area transportation agencies were participating in a campaign called Moving the Bay Area Safely which had been presented the prior week to the MTC Task Force.

Mr. Connolly said that about 10 percent of WETA's total ridership were low-income riders who lived in households with total median income below \$50,000. He noted that about 13,000 low-income, disadvantaged households were within a half-mile radius of WETA terminals and that one of the ways WETA was working to support these riders was to have early and varied departure times – in the morning and mid-day - to help assure that people working in health care, the service industry, and construction will be able to ride the ferry to and from their places of employment in a clean and safe environment, to work their non-traditional work shifts. He reminded Directors of the regional work being done by MTC on means-based fares and that the WETA Board had approved postponing WETA's 2020 fare increases until sometime in the coming year. Mr. Connolly said staff was also working with WETA's partner cities on efforts to improve bus service at WETA terminals. He noted that all of these efforts were positive steps toward increasing transit accessibility for all.

Mr. Connolly said staff will be sharing monthly reports with Directors on how the service is doing, what kind of ridership WETA vessels were carrying, what trends staff will be seeing, and the changes that staff anticipated making in order to address those trends. He said this close attention could result in either more service being needed or the need to reduce some service if, for instance, a predicted second wave of the COVID-19 virus arrives in the Bay Area in the fall. He said WETA doesn't want to offer so little service that the schedules do not attract riders and that watching the service as closely as staff is doing now and plans to continue doing will make it clear what will be needed on a month-to-month basis.

Mr. Connolly explained that the Oakland and Alameda services were potentially on track to reach capacity in mid-July or early August and said this ridership would have access to the new Alameda Seaplane Lagoon service starting up around the same time that was expected to mitigate any capacity challenges. He noted that Genentech employees comprised about two thirds of WETA's ridership on the South San Francisco route. Mr. Connolly said it was agreed in discussions with the City of South San Francisco and Genentech that WETA's South San Francisco service would remain suspended until the fall.

Mr. Connolly explained that the goal was 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. The challenges, he noted, were going to be how to remain flexible and meet service demand in an environment that is so rapidly changing. He said it was likely that WETA will want to bring weekend service back in the spring.

Ms. Rannells said the path forward was crafted with efforts by Mr. Connolly and his Planning team, WETA's Operations team and WETA's contract operator Blue & Gold Fleet with a primary objective of meeting the needs of people who have to travel to and from their jobs. She said the recommended plan provided a way to provide needed services as demand increases over time and remain solvent within the WETA budget.

Chair Wunderman said staff was dealing with a tremendous number of variables and uncertainties and he commended Mr. Connolly and staff on the work that went into the recommendation.

In response to a question from Director DeBono, Mr. Connolly said the reason New York City had decided to use a 50 percent capacity target instead of 25 percent was because they had done a detailed analysis on their specific vessels to determine that a 50 percent capacity would support a distance of about 5 feet or so between passengers, which they deemed ample for social distancing. He added that the work WETA had done on the capacity reduction had been done for seated passengers only. Mr. Connolly noted that WETA's work mimicked the capacity work done for the ferry system in the state of Washington and he reminded Directors that all this work was for moving targets and that things could change as new information becomes available. He added that if passengers did not feel safe riding a

ferry at a 50 percent capacity, agencies using that threshold would likely reduce it and said WETA's 25 percent could also be modified if needed.

Ms. Rannells reiterated the need to diligently gather information and for WETA to remain flexible, cautious, and open-minded as it moves forward in the pandemic landscape.

Director DelBono said it will be important to get information out to the public, WETA passengers, and all WETA's partners as early as possible when things change. He urged staff to let Directors know if they can be of any assistance in these efforts.

In response to a question from Director DelBono, Mr. Connolly said the surveys WETA has done in the past have reached out to confirmed passengers as well as people who could be potential riders by partnering with South San Francisco employers to survey all of their employees and by working with the City of Richmond to reach residents living near the Richmond terminal. He said near future surveys will provide additional opportunities for WETA to market its open-air, clean, and safe ferry service to riders and potential riders alike. Public Information & Marketing Manager Thomas Hall confirmed that the surveys planned were to glean information from confirmed WETA passengers as well as potential WETA riders.

Director DelBono said the need for a means-based fare for public transit in the Bay Area was urgent and that people had been discussing it for years. He said if the matter is not resolved soon to improve transit accessibility for all people, including service workers, he will ask the Board to take up the matter just for WETA's service. Ms. Rannells said she had made efforts to get WETA into the MTC means-based fare program sooner and that she was told by MTC staff just recently that this was not possible because of a technology barrier in the Clipper system. She added that agencies all over the Bay Area are clamoring to get Clipper 2 which will support means-based fares and touchless payments.

Chair Wunderman said the equity conversation, which has been ongoing for years in the Bay Area, has reached a new level that he expects will attract a lot of thought and attention. He said WETA is a comparatively high-priced service and families with incomes under \$50,000 were priced out, yet many of these people lived near WETA terminals. Chair Wunderman said it made sense for WETA to strategize about how to attract these potential riders. He said if a fare to do so required a subsidy to meet WETA's farebox recovery needs, MTC should be asked to cover that difference. He said this would support their equity objectives.

Director DelBono made a motion to approve the item.

Chair Wunderman called for public comments on the WETA Ferry Service Recovery Plan and there were none.

Director Intintoli seconded the motion and the item passed unanimously.

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

## **5. FISCAL YEAR 2020/21 BUDGET REDUCTION STRATEGIES**

Ms. Rannells presented this item for fiscal year 2020/21 budget reduction strategies. She said the Recovery Service Plan just approved by Directors played a major role in being able to balance WETA's budget. She said the Board adopted a baseline budget on May 21 of \$86.7 million which included \$54.7 million in operating and \$32 million in capital expenses, and staff was returning with this budget item for Directors now, as promised, after learning more about WETA's recovery services and revenue sources.

Ms. Rannells said this item was the first step in providing a revised, balanced budget to Directors for Board adoption.

Ms. Rannells explained that the baseline budget had assumed that WETA would have been operating on the high side of expenses, and running services originally intended to be operated in the new fiscal year. She said revenue assumptions had included full Regional Measure 2 (RM2) funding and an additional \$8 million in Coronavirus Aid, Relief, and Economic Security (CARES) Act funds based on the first MTC disbursement formula. She said it had been acknowledged however, based on information received from MTC, that RM2 funds could be reduced by between 25 and 40 percent, and that the CARES Act funding could potentially be less than estimated. Ms. Rannells said that while all the information needed for budgeting was not yet available, staff had received enough information to provide the Board with a close approximation of the revenue shortfall WETA could expect and had developed strategies for reducing expense to close the revenue shortfall.

Ms. Rannells said MTC had adopted a plan to cut Regional Measure 2 (RM2) funds for all transit operating programs by 29.5 percent which, for WETA, amounted to a \$5.8 million revenue reduction. She said the CARES Act preliminary numbers from MTC indicated that WETA could expect to receive between \$5.5 and \$7.3 million of the initially budgeted \$8 million, creating a gap of as much as \$2.5 million, a number she said was very likely to be close to the final gap as a result of MTC's equity factor.

Ms. Rannells said she was grateful that the Chair had created a Budget Advisory Committee made up of less than a majority share of the Board. She said Directors Intintoli and DelBono had worked with her to discuss and consider three budget reduction strategies. She explained that the first and most fruitful strategy would be to reduce the baseline level of service provided consistent with the Service Recovery Plan just approved. She said that this option would save up to \$6.25 million by implementing a modified service plan, ramping up as the economy reopens, and providing attractive levels of service but not so much service that WETA was running empty vessels. Ms. Rannells said the \$6.25 million estimate assumes that WETA continues to employ the current level of Blue & Gold Fleet crews, comprised of 103 people, as it has been doing since the shelter-in-place health order was issued on March 17. She said that implementing this strategy would result in crew savings of about \$4.25 million and fuel savings of about \$2 million.

Ms. Rannells said the second expense reduction strategy included eliminating the new Central Bay Operations and Maintenance Facility cadet program which was not currently employing anyone, eliminating engineer overtime given the reduced levels of service, eliminating six non-essential drydocks, and modifying the operations and hours of WETA's Vallejo Ticket Office due to lower service levels. She said these steps would save about \$2 million which would be offset by an addition of \$1 million in new cleaning expenses due to the virus pandemic, for a total expense reduction of about \$1 million. Ms. Rannells said savings were found in WETA's Planning & Administration budget also, with reductions in marketing and communications. She acknowledged the critical role marketing and communications will play in passengers returning to WETA service, and she assured Directors that Mr. Hall had found some extra dollars he could let go without jeopardizing WETA's robust communications campaign. Ms. Rannells said this second reduction strategy also included deferring some modifications work on WETA's operations database, reducing planning and consultant funds for travel and training, and deferring the WETA staff July 1 Cost of Living Adjustment (COLA) salary increase until at least January 1, 2021.

Ms. Rannells said the third expense reduction strategy was workforce reduction to include employing only the number of crews needed to run the minimal service, modifying pay for Blue & Gold Fleet standby crews when they are not in operating service, reducing the number of Blue & Gold Fleet

engineers working at WETA's Central and North Bay facilities, and reducing WETA's Planning & Administration staff.

Ms. Rannells said the Budget Advisory Committee was confident that the first two reduction strategies would fill the revenue gap and that the third option would not be needed. She said that while the MTC revenue reduction numbers were not yet final, she felt confident that staff could close the expense funding gap and that if any small gap remained after WETA had received its funding, it would be small enough to be filled with reserves. Ms. Rannells thanked Directors Intintoli and DelBono for their time and efforts in meeting with her to do the work on the budget.

Chair Wunderman thanked Ms. Rannells and his fellow Directors for their efforts and work. He said he liked the strategies presented and recommended and that he was in favor of not having to reduce crews or staff if the first two strategies would close WETA's revenue gap.

Chair Wunderman said that because of the varied ways Bay Area Transit agencies are funded, and with so many relying on farebox or sales tax revenue, the pandemic has been devastating to public transit finances. He said agencies are going to be taking hits on all sides if the virus does not relent.

Director Intintoli thanked the Chair for the opportunity to work on the budget with Ms. Rannells. He said he would like to see the first and second budget reduction strategies incorporated in the revised budget to be brought back to the Board in July and that the third reduction strategy should not be pursued at this time.

Director DelBono said he also supported the implementation of the first and second strategies. He said that WETA values its employees and he and Director Intintoli had approached this budget work with that as a foundation. He thanked Director Intintoli and Ms. Rannells for working with him on the budget. Director DelBono said he hoped this plan will provide WETA and Blue & Gold Fleet employees with some relief and he thanked WETA staff, noting that it was not an easy decision to have to delay their COLA salary increase which was well deserved. He said the Board acknowledged that things have also been difficult for the WETA staff and that it was his hope that things will be much better by the end of the year.

Director DelBono made a motion to approve the item.

### **PUBLIC COMMENT**

Inlandboatmen's Union of the Pacific Regional Director Robert Estrada echoed the comments of Director DelBono and commended the Board on their ethical and principled work on behalf of labor. He said things could have gone in a less human direction. Mr. Estrada said his experience with the WETA Board and Ms. Rannells has been positive and respectful. He congratulated Ms. Rannells on her retirement plans and said she has been a shining light at WETA.

Masters, Mates & Pilots Regional Representative Captain Sly Hunter said he really appreciated all the work the Board and staff has done on behalf of labor and that he uses WETA as an example when he travels around the country. He said this pandemic has been very trying and WETA has shined throughout. Captain Hunter also congratulated Ms. Rannells on her retirement plans and said he has really enjoyed working with her over the years. He said he has really valued that WETA has considered labor as people and not just numbers.

Jerry Bellows congratulated the Board and WETA staff on keeping the crews and vessels working and ready to spring into action. He said WETA was doing much better than so many other transportation

agencies. Mr. Bellows said he hoped the reductions in training for crews would not jeopardize critical training exercises. He also congratulated Ms. Rannells on her retirement plans.

Ms. Rannells said that training hours would be provided by crews retained but not operating in active service, and assured Mr. Bellows that no actual training would be cut.

Chair Wunderman thanked the speakers and his fellow Directors for their input and thoughtful efforts throughout the difficulties thus far dealing with the pandemic. Ms. Rannells said WETA really owes a big thank-you to Speaker Nancy Pelosi for her work on the CARES Act which resulted in critical funding for WETA at this difficult time.

Director Intintoli seconded the motion and the item passed unanimously.

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

Chair Wunderman adjourned the meeting at 2:57 p.m.

- Board Secretary

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