

Members of the Board

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

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

Thursday, June 18, 2020 at 1:30 p.m.

VIDEO CONFERENCE:

Join WETA BOD Zoom Meeting
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AGENDA

1. CALL TO ORDER/ROLL CALL
2. REPORTS OF STAFF **Information**
 - a. Executive Director's Verbal Report
3. CONSENT CALENDAR **Action**
 - 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
4. APPROVE WETA FERRY SERVICE RECOVERY PLAN **Action**
5. FISCAL YEAR 2020/21 BUDGET REDUCTION STRATEGIES **Information/
Action**

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 virtual participation to promote social distancing and reduce the chance of COVID-19 transmission.

PUBLIC COMMENTS As this is a special meeting of the Board, public comments are limited to the listed agenda items.

If you know in advance that you would like to make a public comment during the video conference, 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

Water Emergency Transportation Authority
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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.

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 4 hours prior to the meeting and we will work to accommodate access to the meeting.

June 18, 2020

Jim Wunderman, Chair
Anthony Intintoli, Director
Jeff DelBono, Director
San Francisco Bay Area Water Emergency Transportation Authority
Pier 9, Suite 111
San Francisco, CA 94111

Dear Chair Wunderman and Directors,

Thank you for the opportunity to serve as the Executive Director of the San Francisco Bay Area Emergency Transportation Authority (WETA) for the past 11 years. I am writing to inform you that I intend to retire from WETA on January 31, 2021, at the end of my contract, closing out a 30-year career in Bay Area public transportation.

Since I was appointed Executive Director in March 2009, WETA's imprint and impact have grown tremendously. We have transitioned from being a small planning agency to a staff of 16 who, in close collaboration with our partners at Blue & Gold Fleet, have worked to build and operate a robust regional ferry system serving five of the Bay Area's nine counties. Our work has included incorporating and enhancing municipal ferry services from Vallejo, Oakland and Alameda under WETA's regional umbrella, constructing new South San Francisco and Richmond terminals and launching services, building two major maintenance and operations facilities in the north and central bay to house our growing system of vessels and services, constructing seven new high-speed passenger ferries with two more on the way, developing an emergency water transit response plan and service delivery foundation and expanding the downtown San Francisco Ferry Terminal – a cornerstone project slated to open this month. Along the way, we have grown and enhanced services, doubling ferry ridership on our system and creating the foundation for a promising future for a world-class Bay Area ferry system.

I am honored to have served as WETA's Executive Director for these years and am so proud of what we have accomplished together. It has been an exciting and wonderful journey! Thank you for your trust and belief in me and my leadership.

I look forward to joining my husband in retirement and entering the next phase of my life with family and friends next year. Until then, I am committed to continuing to lead the agency and our work and to assisting you in your search for WETA's next Executive Director to ensure a smooth transition for all.

Very Truly Yours,



Nina Rannells
Executive Director, WETA

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Keith Stahnke, Operations & Maintenance Manager

SUBJECT: 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

Recommendation

Approve the following actions relative to award of contracts to Cummins Inc. (Cummins) and ZF Marine Propulsion Systems Miramar, LLC (ZF) for the overhaul of main propulsion engines and reduction gears on the MV *Peralta*:

1. Award a sole source contract to Cummins in an amount up to \$1,104,000, including a base contract award of \$883,775 and a contingency of \$220,225 (25%);
2. Award of a sole source contract to ZF in an amount up to \$141,000 including a base contract award of \$112,498 and a contingency of \$28,502 (25%); and
3. Authorize the Executive Director to negotiate and execute agreements and take any other required actions to support this work.

Background/Discussion

The two Cummins QSK-50 main engines and two ZF reduction gears on the MV *Peralta* have been in service since their previous completed overhauls in 2015 and are approaching their time-between-overhaul (TBO) threshold of 20,000 hours. To remain in compliance with the preventative maintenance schedule for these engines, the engines must be removed from the vessels and undergo a complete mechanical overhaul by an authorized Cummins and ZF service dealer.

The engines and reduction gears will be removed and replaced at WETA's North Bay Operations and Maintenance Facility. Once removed, the equipment will be shipped to both Cummins and ZF authorized factories to undergo their planned overhauls.

Scope of Work

This project will purchase the main propulsion engine and reduction gear overhaul services of an authorized Cummins and ZF service dealer to provide parts, labor, materials, testing, and commissioning of these parts for the MV *Peralta*.

Sole Source Discussion

Procurement of these engine overhaul services is awarded to Cummins and ZF as a sole source as they are currently the sole factory-assigned dealership for engines, reduction

gears, parts, and services and are uniquely qualified to provide complete technical, engineering, logistics, and service support.

Staff has analyzed both Cummins and ZF price proposals and finds them to be fair and reasonable as the prices are in alignment with historical propulsion overhaul services on these families of engines and reduction gears. WETA's independent cost estimate for Cummins base work totals \$945,887 while the total base work pricing offered by Cummins is \$883,775. Cummins pricing is 7% less than the engineer's estimate. WETA's independent cost estimate for ZF base work totals \$111,153 while the base work pricing offered by ZF is \$112,498. ZF pricing is within 1% of the engineer's estimate.

In accordance with the above analysis, staff has determined that this procurement meets the requirements for sole source procurement under federal regulations and as set forth in the WETA Administrative Code Section 502.2(E), which authorizes the agency to procure goods and services without competition under limited circumstances. Subdivision (E) of this provision allows the agency to procure items non-competitively when there is only a single source of supply available or only one contractor is qualified to provide the service or product. Because Cummins and ZF are uniquely able to provide and warranty the necessary work, a competitive bidding process would serve no useful purpose for this procurement.

Fiscal Impact

The *Vessel Engine & Reduction Gear Overhaul – M/V Peralta* project is included in the FY 2020/21 Capital Budget, adopted on May 21, 2020. The total project budget is \$1,400,000, funded with \$1,120,000 (80%) Federal Transit Administration grant funds and \$280,000 (20%) AB664 Toll Bridge Net Revenues.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-25

**APPROVE SOLE SOURCE CONTRACT AWARD TO CUMMINS INC. FOR
MAIN PROPULSION ENGINE OVERHAULS AND TO ZF MARINE PROPULSION
SYSTEMS MIRAMAR, LLC FOR REDUCTION GEAR OVERHAULS**

WHEREAS, the WETA has identified the need for the overhaul of main propulsion engines and reduction gears on MV *Peralta* in order to remain in compliance with the preventative maintenance schedule for these propulsion systems; and

WHEREAS, the WETA has determined that Cummins Inc. is the factory-assigned dealership for the sales, parts, and service of these QSK-50 series engines in the Bay Area region; and

WHEREAS, the WETA has determined that ZF Marine Propulsion Systems Miramar, LLC. is the factory-assigned dealership for the sales, parts, and service of these marine reduction gears in the Bay Area region; and

WHEREAS, the WETA has determined that this procurement meets the requirements for sole source procurement under WETA and federal regulations and as set forth in the WETA's Administrative Code Section 502.2(E); and

WHEREAS, the WETA has identified Cummins Inc. and ZF Marine Propulsion Systems Miramar, LLC as being both responsive and responsible in the provision of services; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves entering into a sole source contract with Cummins Inc. in an amount up to \$1,104,000, a base contract amount of \$883,775 and contingency of \$220,225 for the purchase of main propulsion engine overhaul services for the MV *Peralta*; and be it further

RESOLVED, that the Board of Directors hereby approves entering into a sole source contract with ZF Marine Propulsion Systems Miramar, LLC in an amount up to \$141,000, a base contract amount of \$112,498 and contingency of \$28,502 for the purchase of reduction gear overhaul services for the MV *Peralta*; and be it further

RESOLVED, that the Board of Directors authorizes the Executive Director to negotiate and execute the agreements and take any other required actions to support this work.

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 June 18, 2020.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2020-25

END

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve WETA Ferry Service Recovery Plan

Recommendation

Approve the WETA Ferry Service Recovery Plan (Recovery Plan) and authorize staff to utilize the plan framework to implement service modifications during the year with the understanding that staff will provide the Board with monthly updates on service levels, ridership, and anticipated changes.

Background/Discussion

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 17, Bay Area counties within WETA's jurisdiction began issuing Local Health Orders directing residents to shelter in place. These orders limited activity, travel, and business functions for only essential needs. On March 17, 2020, WETA temporarily reduced ferry services in response to these orders and the sharp decrease in travel demand on its services. Reductions included suspending service on the Harbor Bay, Richmond, and South San Francisco routes, suspending Pier 41 and weekend trips, and significantly reducing weekday Alameda/Oakland and Vallejo trips.

Preparations are now underway at the county level to begin the process of reopening the Bay Area economy in mid-June or early July. At the May 7 meeting, the Board discussed an approach to ferry service recovery that increases services over time based upon different anticipated stages of the recovery. This staged approach will allow WETA to align its service levels with anticipated growth in demand while lowering overall system expense in consideration of reduced operating revenues. The Recovery Plan, provided as **Attachment A**, further defines this approach and provides a framework and context for reinstating services as the Bay Area gets moving again. The Recovery Plan will be utilized by staff working to restore services and will also help to communicate to riders, partners, and stakeholders how WETA intends to approach system recovery.

In April 2020, the Metropolitan Transportation Commission (MTC) appointed a Blue Ribbon Transit Recovery Task Force (Task Force) to help MTC understand the scale of the fiscal crisis impacting all transit agencies throughout the Bay Area as a result of the COVID-19 pandemic. The Task Force is responsible for determining the distribution of the remaining Coronavirus Aid, Relief, and Economic Security (CARES) Act funds provided to the region by the federal government and guiding the development of a Transformative Action Plan to support the recovery of Bay Area transit over the next year.

Board Chair Wunderman has been appointed to the Task Force and the Executive Director and WETA staff are participating in regular meetings to develop regional plans. The Recovery Plan will serve as a reference point for staff and the Task Force as we participate in this regional effort.

Fiscal Impact

Staff will utilize the WETA Ferry Service Recovery Plan framework to support its work in preparing a revised FY 2020/21 Operating Budget for Board consideration in July.

END

I OVERVIEW

The WETA Ferry system has experienced the most significant decline in ridership in its history. Ridership has declined 96 percent since early February 2020. Even during the shelter-in-place period that began on March 17, ferry ridership – with only a limited service of two vessels in operation -- continued to decline until recently when riders have begun returning. Preparations are now underway at the County level to begin the process of reopening the Bay Area economy in mid-June or early July.

As the state and region prepare to reopen, the return of ferry ridership is likely to follow the four “stages” identified by the Governor’s office. At the May meeting, staff presented an overview of what these stages could look like and how ferry service may be reintroduced to meet demand as it builds in a gradual manner through the course of the year. In early June, staff recommended a reinstatement of limited service at Richmond in response to a request by the City’s Mayor along with service enhancement in Vallejo. The Board also adopted a Passenger and Crew Safety Plan that provides for intensive cleaning of vessels and protections for both crews and passengers.

There is no predicting what levels of ridership will be restored during the upcoming year or the pace of ridership growth. The ferry is uniquely dependent on fares as a primary source of operating revenue. It also exists in a competitive environment and Bay Area commuters may be choosing to drive in the immediate future, rather than take the ferry. At the same time, the ferry can be a catalyst for economic development and a resource for Bay Area workers looking for a safe means of travelling to their jobs.

Outreach and discussions with partner agencies and key employers in the ferry service area indicate there is a range of opinions about how quickly normal life will return. However, there is broad agreement that work and travelling to jobs will not look the same as it did in 2019 for some time. The WETA Board indicated in its discussion at the May 2020 meeting that it would like to take an aggressive approach to service resumption, providing sufficient service frequency to attract Bay Area commuters back early while also maintaining a balanced and sustainable budget.

Existing WETA policies, the WETA Strategic Plan, and regional plans and studies that have identified a robust ferry system as a key element for the Bay Area’s transportation future provide a reference point and a possible road map for launching ferry service into a new era.

2 WETA AND REGIONAL POLICY CONTEXT

The pandemic and its response will be an opportunity for WETA to balance immediate desires and needs versus long term policy goals. The following summary juxtaposes WETA’s Strategic Plan focus areas against questions brought up by the pandemic and the plan to return service.

Figure 2-1 WETA Strategic Plan and COVID-19 Approach

Strategic Plan Focus Area	Considerations
Expanded Service	<ul style="list-style-type: none"> • How does WETA keep an eye on building ferry service throughout the Bay Area when demand may be limited and resources restricted? • Are there new markets for existing ferry service? Is it possible to target underserved communities and offer a service that broadens the base ridership for the ferry? • Is there a framework for restarting service that allows for the system to grow and enhance as the Bay Area economy and the market for ferry service grows?
Funding	<ul style="list-style-type: none"> • Uncertainty with operating revenues will mean limited service for an initial period of time, which may not be popular with long-standing ferry supporters and riders. New sources of revenue may be available on the horizon but how does the organization build a bridge to that more certain future? • How can WETA best position itself to receive emergency funding from state and federal governments in a very competitive environment?
Service Quality	<ul style="list-style-type: none"> • The ferry is unique in transit in that riders seek it out and are willing to pay more for the promise of a quality experience. How can the ferry continue this legacy despite uncertain operating resources? • Can the ferry offer the public a safer and more secure experience in an uncertain time before a coronavirus vaccine is developed? • As the system prepares to face uncertainty in offering sufficient service to meet demand, what are the WETA policies that can help guide the staff and board to make decisions about when to enhance or even retract service if the market shifts unexpectedly?
Partnerships	<ul style="list-style-type: none"> • WETA has partnered successfully with other public agencies in recent years to deliver capital projects and secure operating funding. Can that beneficial partnership continue as the landscape is dramatically shifting for all public agencies? • Is there a different context for interaction and partnership with private operators that are emerging in other parts of the Bay Area?
Environmental Stewardship	<ul style="list-style-type: none"> • How does WETA balance the demands to expand and enhance today’s ferry service with the limits of technology while still planning for a future that will need to be green? • WETA has recently secured a grant to initiate its first zero-emission

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

Strategic Plan Focus Area	Considerations
	vessel and supporting infrastructure. Can this be a precursor to a larger effort to build zero-emission capabilities and address the agency’s reliance on fossil fuels? Will new funding sources open the door to more opportunities to “go green”?
Emergency Response	<ul style="list-style-type: none"> • The pandemic has highlighted the fact that emergency response service and preparations must consider an infinite number of scenarios. • The ferry and all transit services initially addressed the emergency by severely limiting or even suspending service in conformance with regional and state directives to shelter in place. The coronavirus could return, and the Bay Area may experience a back-and-forth of directives as the virus changes over the next year or more. • Can the ferry define a role as the region recovers from the pandemic that provides flexibility and adaptability built into the system and organizing structure?

The above discussion represents WETA’s own internal policy framework and context for guiding the agency¹. But there is a larger, regional policy discussion that also provides context. In the past several years, the Bay Area has identified ferry service as a key building block to addressing transportation demand. There has been a significant shift in this approach from the Metropolitan Transportation Commission (MTC) and partner agencies: the concept that multiple modes of transit will need to be enhanced for the Bay Area to meet all of its transportation needs.

The Core Capacity/Transbay Study² that helped to inform the development of Regional Measure 3 (RM3) is a good example of the ferry’s place in regional policy. That study found that the transbay corridor would require a phased solution, allowing for the long lead times needed for massive public works projects such as a new rail tunnel. In the intervening 30 years before that tunnel opens, the ferry was identified as an important way to increase transit capacity and deploy service in a relatively rapid fashion. This concept is reinforced in Plan Bay Area³ and other regional plans generated by MTC. Despite the pandemic, this strategy is still relevant to the immediate future of transportation in the Bay Area, especially as other systems have to address capacity limits and budget shortfalls.

¹ weta.sanfranciscobayferry.com/strategic-plan

² mtc.ca.gov/our-work/plans-projects/other-plans/core-capacity-transit-study

³ 2040.planbayarea.org/

3 OUTLOOK FOR THE BAY AREA REGIONAL ECONOMY

The Bay Area will likely experience a slow return to the level of activity seen in the past 3-5 years, according to a recent survey of 123 CEOs by the Bay Area Council⁴. In that survey, CEOs expect that only 23 percent of their employees will return to work sites in Stage 2 (Lower-risk workplaces) of the recovery, 34 percent in Stage 3 (Higher-Risk Workplaces), and only 70 percent by Stage 4 (End of Stay-at-Home Order), which is expected to be mid-year 2021. Major employers such as Facebook, Twitter, Google, and Genentech have stated that most on-site operations will be limited and employees will continue working from home until the end of calendar year 2020 or even longer. In addition, major institutions such as the California State University system have already made arrangements for distance-based operations through the end of the fall semester, or December 2020, signaling a broad-based acceptance of the potential extended period of the pandemic.

Based on conversations with major employers and government agency partners, the proposal to restart service is based on a gradual approach and even deferring the start of service at specific terminals. Certain industries such as high tech and biotech are continuing to have their employees work from home or will alter their work schedules to allow staggered schedules or limited days. The proposed service plan adjusts to this new reality by offering more off-peak service and targeting when service returns.

⁴ documents.bayareacouncil.org/BAC_Reopen_Economy_Survey.pdf

4 TRANSIT RIDERSHIP EXPECTATIONS

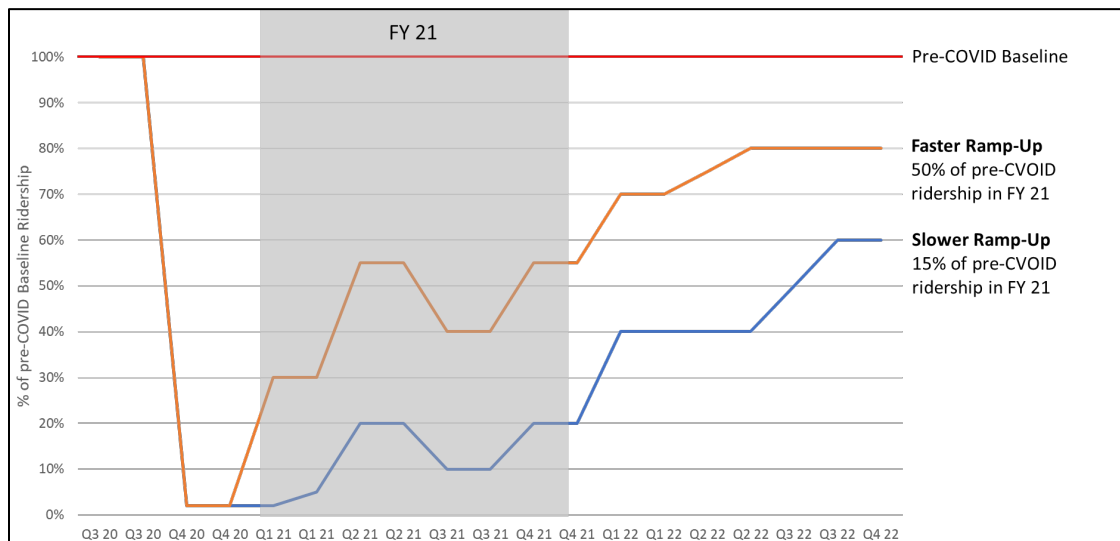
Transit agencies throughout the Bay Area are preparing for a slow return to previous ridership levels, meaning significantly reduced forecasts of fare revenue. At the same time, agencies are working to reconfigure services and modify operating practices to ensure social distancing and develop new and improved cleaning methods.

Peer transit agencies such as BART, AC Transit, and Caltrain are expecting ridership to return at half the level experienced in 2019. BART⁵ is contemplating reducing its service by 15 percent but is concerned that it will only meet 65 percent of rider demand due to social distancing requirements and limited schedules. Major service changes to respond to falling revenues and anticipated low demand are being planned at large operators such as AC Transit and the Valley Transportation Authority. Smaller operators such as Golden Gate Ferry are anticipating only half of normal ridership will return by the end of the calendar year.

All Bay Area transit agencies will face the two-fold challenge of reducing service due to limited operating revenues while offering enough service to meet demand and ensure the safety of commuters. The ferry is better positioned than some other agencies to offer a more controlled environment that emphasizes cleanliness and safety for riders.

Figure 4-1 below is an illustrative depiction of a pair of potential future scenarios, with ridership returning to 50 percent or 15 percent of levels experienced in 2019. As the chart suggests, ridership may return in a stepped fashion as the economy expands and commuters return. A return of 50 percent of pre-COVID ridership would mean that it may take two or more years to return to 2019 ridership levels.

Figure 4-1 Illustrative Depiction of Recovery of Ferry System Ridership



⁵ bart.gov/sites/default/files/docs/FY21%20Budget%20BART%20Board%20Presentation%20-%20May%2014%202020.pdf

5 OUTLOOK FOR WETA IN FY 2020-2021

5.1 OPERATING REVENUE

The outlook for WETA operating revenues is consistent with expectations from a slow economic recovery, limited bridge toll revenue, and reduced fare revenue.

The Baseline FY 2020-21 Operating Budget, adopted on May 21, 2020, included full funding of Regional Measure 2 (RM2) bridge tolls – \$16.5 million for ferry operations and \$3 million for Planning and Administration – while recognizing that this amount could be reduced by as much as 40 percent, or \$7.8 million, to reflect reduced toll collections on the state-owned Bay Area bridges. This budget also included \$8 million in additional federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds from MTC’s second distribution as a placeholder for the larger regional discussion on the distribution of these funds. At the time that the budget was adopted, the Board acknowledged that it would be necessary to revise the budget in June or July to reflect revenue adjustments once they were known and reduce expenses to better fit the service recovery plan. It was also recognized that with the ever-changing circumstances under the pandemic, it would be necessary to periodically review the budget during the year and make adjustments to reflect revenue, expense, and operational changes in order to balance the budget.

Staff will prepare a first budget adjustment in July 2020 to reflect final revenue amounts from RM2 and CARES Act funds and expense reductions associated with the service recovery plan and other cost-reduction strategies that are approved by the Board.

5.2 PASSENGER AND CREW SAFETY PLAN

The safety of passengers and crews is WETA’s top priority. WETA has implemented a variety of enhanced cleaning protocols and social distancing requirements in response to the pandemic.

As WETA prepares to increase service as the region recovers, it is critical for the public to be aware of how WETA is changing procedures to comply with social distancing requirements and to detail the increased cleaning protocols that are being implemented. The Board adopted a Safety Plan in June 2020 so that it can be shared with passengers and the public to provide passengers reassurance that the service is as safe as possible. The following highlights provide details of WETA’s Safety Plan.

- **Cleaning:** Each vessel undergoes a full cleaning daily and on every reverse trip crews are wiping down frequently-touched surfaces including all high-touch hard surfaces. In-service vessels are fogged daily to sanitize all surfaces on the vessels.
- **Social Distancing:** Passengers are reminded of social distancing and personal protective equipment requirements through signage, social media, and on-board messaging.
- **Face Masks Required:** Crew members and passengers are required to wear masks or facial coverings at all ferry terminals and on board the ferry at all times.
- **Hand Sanitizer:** Hand sanitizer is provided on board every vessel in multiple locations for passengers to use.

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

- **Healthy Workforce:** WETA and its contracted operator, Blue & Gold Fleet, are supplying workers with personal protective equipment, including masks, gloves, and supplies and work areas are being disinfected frequently. Vessel crews are conducting temperature checks before reporting to work and sick pay is provided to crews who do not report due to illness.
- **Contactless Payment Options:** Clipper and Hopthru allow for contactless payment on San Francisco Bay Ferry. Passengers are encouraged to either get Clipper and load funds online in advance or sign up for Clipper’s auto-load feature or to download the Hopthru app and purchase tickets in advance.

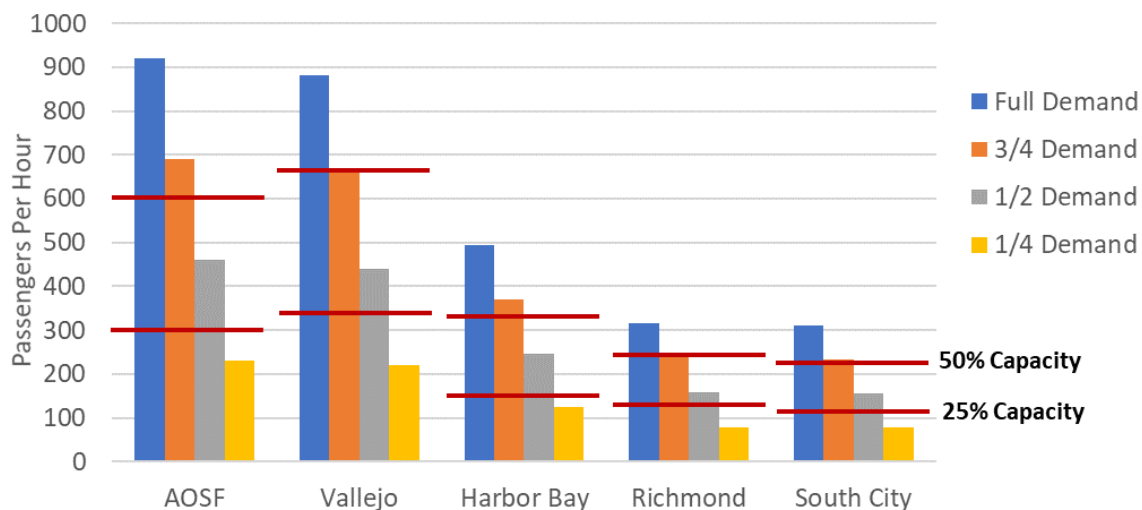
5.3 VESSEL CAPACITY

Re-establishing WETA’s pre-COVID ridership base will require not only rebuilding demand for WETA services but also offering enough vessel capacity to meet that demand. The ability of WETA to provide adequate capacity to meet (and generate) demand during each stage of the Bay Area’s recovery will depend on the number of vessels in operation and potential limitations on vessel capacity that may be required to maintain some degree of social distancing.

WETA is currently limiting passenger capacity onboard its vessels as the Bay Area moves from Stage 1 to Stage 2. There are a variety of approaches to capacity limitations regarding ferries. In the Bay Area, Golden Gate Ferry has stated it will be generally limiting the number of ferry passengers based on vessel size. Staff from the Washington State Ferry system has indicated that 25 percent of seating will be made available, based roughly on the distance between seats of its relatively high capacity vessels. Meanwhile, the NYC Ferry Service is considering a detailed spatial analysis of vessel surface area and assumptions about passenger characteristics that indicate up to 50 percent of seating could be made available on certain types of vessels.

As indicated below, limiting vessel capacity when compared to historic ridership volumes would result in the need for additional vessels in service or risk leave-behind conditions for most riders in peak periods.

Figure 5-1 Peak Hour Demand and Capacity



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5.4 PASSENGER OUTREACH AND EDUCATION

A key component of WETA's recovery plan is to provide expansive outreach and education for passengers and potential customers. To reassure passengers and encourage a return to ferry ridership, outreach will emphasize the safety of the ferry. WETA and its consultants have built out a comprehensive marketing campaign to launch as service resumes in July. This marketing and communications plan was discussed in detail at the June 4, 2020 Board meeting.

The marketing campaign and enhanced passenger communication began upon the Board's adoption of the Passenger and Crew Safety Plan and the announcement of service resumption in Richmond and service increase in Vallejo. The campaign will, however, accelerate as WETA moves into Stage 2 of its recovery plan with heightened service systemwide and new service at Seaplane Lagoon. The Seaplane Shift campaign to educate passengers about service changes associated with the opening of Seaplane Lagoon has been modified and will be rolled out simultaneously to the general ferry marketing campaign.

In addition to marketing ferry service to the public, WETA staff is actively seeking information from previous riders on how their commutes are changing and what safety measures are important to them. Passenger input will be critical in shaping service changes and safety measures going forward through the recovery.

5.4.1 Outreach to Disadvantaged Communities

In response to the COVID-19 pandemic, the federal government provided \$1.3 billion in assistance to Bay Area transit and transportation agencies through MTC. Forty percent of the funding was immediately distributed by MTC to balance budgets for Fiscal Year (FY) 2019-2020. To administer the balance of CARES Act funding over FY 2020-2021, MTC has appointed a Blue Ribbon Transit Recovery Task Force that will be guided by a set of core principles. An area of emphasis will be serving disadvantaged communities and disabled riders.

The WETA service area incorporates five counties in the San Francisco Bay Area and disadvantaged communities live within proximity to many of its terminals. As defined by SB 535, there are approximately 33,879 individuals that live within 1 mile of a WETA terminal. The largest communities are in Richmond (11,823) and Vallejo (9,677), but there are significant populations near Oakland (8,626) and South San Francisco (3,753). Each of these communities have Cal Enviro percentages – measuring the burden of air pollution on communities – of between 80-95 percent.

While WETA ferry terminals may be located within proximity of disadvantaged communities, ferry service has not attracted a full range of incomes among its passengers, as seen in other transit operators. Ferry rider's household income is inconsistent with the demographics of the communities that the ferry serves. Those with an annual household income of <\$50K are underrepresented across all routes while those with an annual household income of >\$150K are overrepresented across all routes. Overall, ten percent of ferry riders have an annual household income of less than \$50,000, while 45 percent have annual household incomes higher than \$150,000.

Although the ferry has not attracted riders from nearby disadvantaged communities, the restart of ferry services after the COVID-19 outbreak presents an opportunity to attract new riders to the system. Many employers in the technology, finance, and professional services sectors – much of the ferry rider core market -- anticipate a prolonged period of having their employees work from home, some have even extended work-from-home orders until early 2021. As a result, a key market opportunity for the ferry

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will be workers in the service sector and industries such as construction. These employees generally do not have the option of working from home and are expected to be commuting in the early stages of the pandemic recovery. Finally, the ferry offers a safe, relaxing and – in comparison with many of the other options – relatively affordable way to commute to San Francisco. This is appealing to commuters from all income groups and should resonate with nearby disadvantaged communities.

WETA will pursue four strategies to attract a broader cross-section of commuters to the ferry:

- **Adjust services to fit varied work schedules.** Based on feedback from existing WETA passengers and interaction with employers, the ferry needs to offer service in periods of the day that are appealing to multiple sectors of the economy. To meet this need, post-COVID service will have more early-morning and mid-afternoon service to attract construction and service workers in both Vallejo and the Oakland Estuary.
- **Fare increase holiday in FY 2020-2021, participate in Means-based Fare Program.** WETA was prepared to implement a 5-year fare program that would implement annual fare increases across the system beginning July 1, 2020. With the COVID-19 pandemic emerging in March 2020, the Board elected to delay implementation of this program and defer a July 1, 2020 fare increase in order to reduce the fare burden on WETA customers during the pandemic. They agreed to reconsider implementation of a multi-year fare program in the new fiscal year. Ferry fares are already competitive with and, in some cases, lower than transbay bus fares. WETA continues to advocate to be included in MTC's regional means-based fare program, Clipper START, once the initial demonstration program is concluded. The analysis conducted for WETA's new fare program indicated that participating in a program such as Clipper START would increase ridership on WETA services by underrepresented income groups.
- **Improve connectivity with local feeder transit services, advocate for better connections.** Local feeder bus service to WETA terminals is inconsistent and, in some locations, non-existent. To attract a broader cross-section of riders – including transit-dependent populations – feeder bus service will need to improve. WETA has a free transfer arrangement with AC Transit, allowing a bus fare to be reimbursed for riders that take the bus to or from the ferry and use a Clipper card. The program is under-utilized despite being a good value for commuters. Poor connection schedules and limited service are two clear reasons why the public is not choosing to take the bus to the ferry. There is no local bus service to Alameda Main Street, WETA's highest ridership terminal. The new terminal in Alameda, Seaplane Lagoon, will only offer connecting bus service to Oakland, not residential portions of Alameda. Advocacy and coordination with local bus providers will be pursued as WETA looks to expand its market.
- **Reach out directly to Disadvantaged Communities through marketing and outreach partnerships.** Targeted outreach to communities that have previously not utilized the ferry is necessary to provide information and receive input on the best service that meets their specific needs. WETA has successfully partnered in the past with local government agencies and community groups to market and promote ferry service. Reaching out to Disadvantaged Communities in places such as Vallejo, Richmond, or Oakland will mean tapping into pre-existing networks that serve these communities to ensure workers are aware of the ferry service and how it can meet their mobility needs. It will also mean making more information about ferry service – including schedules and fare information – available in languages other than English.

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

5.5 SERVICE PLAN AND APPROACH

Staff presented a service recovery approach to the Board at the May 7, 2020 meeting. As identified then, the ideal structure for a return of ferry operations 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. 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” to match the State of California’s definition as well as the likelihood of reduced operating revenue, demand for ferry service, and vessel capacity. The following description builds on the approach to adjusting service in stages that was presented to the Board at the May 2020 meeting:

- **Stage 1.** The minimum service levels offered during the period from mid-March to mid-June. WETA services experienced falling demand until late April, when ridership started to increase at a gradual rate.
- **Stage 2.** Introduction of limited service at most terminals, for weekdays only. Richmond and Vallejo services are scheduled to be reinstated or enhanced in mid-June while Oakland and Alameda services are on schedule to see enhancements by late July or early August.
- **Stage 3.** A gradual return to planned service levels that would have been in place for FY 2020-2021 prior to the COVID-19 outbreak. This would include 30-minute frequencies at high ridership terminals during peak periods.
- **Stage 4.** Expansion of ferry services to capture a healthy, thriving Bay Area travel market. Stage 4 and beyond assumes a return to 2019 service levels and even enhancements and expansion beyond those as demand returns and grows.

5.5.1 Regular service adjustments throughout the year

Service will restart at minimum levels to match expected reduced demand but how will WETA determine when to add more service as the economy recovers? Staff proposes to bring monthly updates on ridership and service performance to the Board over the course of the next year. As ridership builds, staff will rely on existing service performance policies as adopted by the WETA Board in 2015. Those policies state that when ridership reaches a level of 80 percent of the available peak hour capacity, service can be enhanced by adding frequency or using larger vessels. There is also policy that guides the inverse trend, when ridership is low and demand appears to be weak. In those cases, WETA policy states that a minimum of 50 percent occupancy during the peak hour is necessary to maintain current service levels.

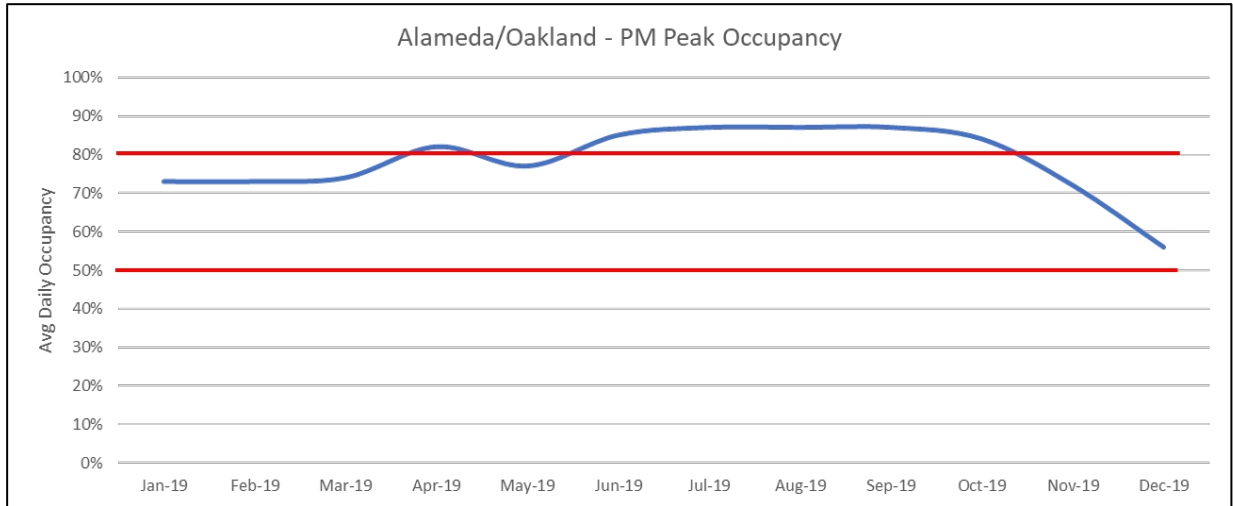
While existing policy can act as a guide, circumstances will demand flexibility to respond to fluctuations in ridership and demand. It may be possible that demand contracts in the coming year if shelter-in-place orders are restored. Staff and the Board will monitor the economy and ridership closely to determine the best course of action in balancing limited resources with the need to attract riders to the ferry.

The illustration below shows peak hour ridership for 2019 for Alameda/Oakland, with highlights at WETA’s policy maximum (80%) and minimum (50%) for peak hour occupancy. As the chart indicates,

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

the service eclipsed the maximum level of occupancy leading to the recommendation in the fall to initiate service enhancements through the start of Seaplane Lagoon operations in 2020.

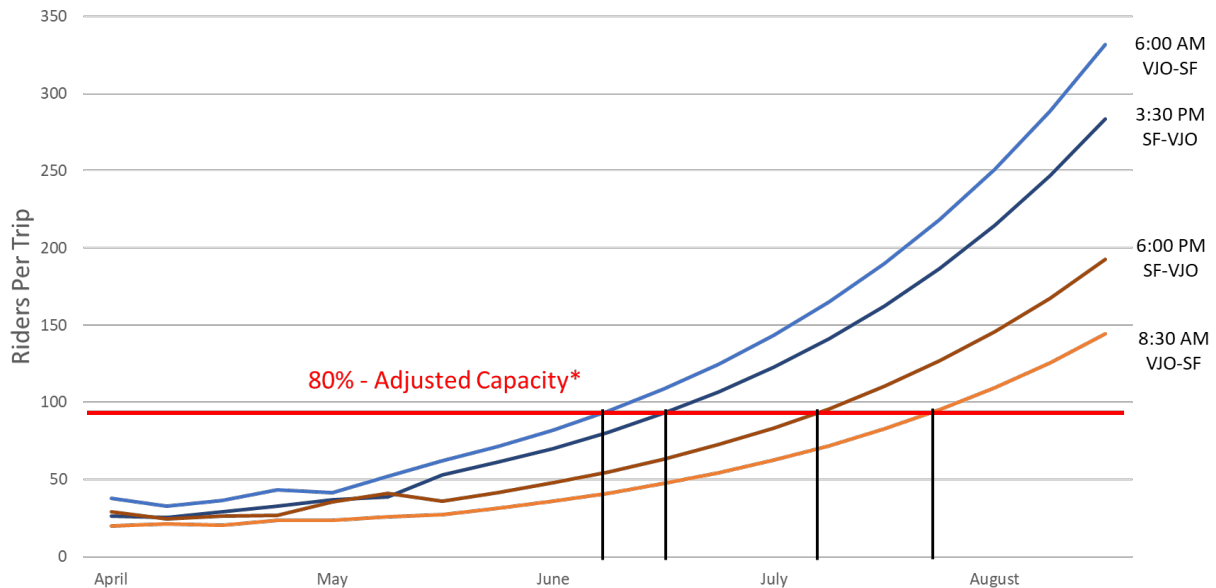
Figure 5-2 Alameda/Oakland PM Peak Occupancy, FY 2019



As ridership begins to recover and the system begins to see upward trends in vessel utilization, staff will forecast ridership into the near future based on “trajectories” that assume a regular rate of weekly growth. These will be measured against available vessel capacity (including social distancing factors) and existing schedules to identify future dates where service may need enhancement or modification. Figure 5-3 below illustrates recent trends in Stage 1 Vallejo service, identifying the need for additional capacity by mid- to late-June. The ridership trend – 13 percent weekly growth -- in the illustration below was developed using 5 weeks of data. From the point where ridership stopped declining to the last week of May 2020. Several weeks of ridership will be needed to produce these forecasts.

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

Figure 5-3 Vallejo Ridership Trends, Anticipated Vessel Utilization per Trip



*Adjusted capacity assumes vessel will be limited to 25% of normal capacity for social distancing requirements

5.5.2 Returning Service, Schedules to 2019 Levels

Staff has spent the better part of two months reaching out to employers and public agency partners to learn more about how the service can be improved once restarted. In addition, survey efforts such as the Bay Area Council May survey of Bay Area CEOs indicate that working schedules are likely to be altered for an extended period. In that survey, 77 percent of respondents indicated that flexible shift start and end times are likely to facilitate social distancing on public transit commutes. In restarting WETA service, the guiding principle is to return the service and schedules to a condition as close as possible to the period prior to the outbreak.

As the schedules have been reconfigured, staff has kept an eye on an ultimate schedule that will offer 15- and 30-minute frequencies as envisioned in the WETA Strategic Plan and regional planning documents. The Board discussion at the May 2020 meeting highlighted this vision. As service is restored to ensure historic schedules are adhered to, adjustments may have to be made to achieve higher levels of capacity during peak periods or to ensure future flexibility to add frequency.

5.5.3 Expansion

When COVID-19 struck the Bay Area in early March, WETA was participating in or leading two major ferry terminal construction projects: the Downtown San Francisco Terminal Expansion and the Alameda Seaplane Lagoon Terminal construction. The Downtown Terminal Expansion was relatively unaffected by COVID-19 and will open in June 2020. Another San Francisco project, the Mission Bay Ferry Landing led by the Port of San Francisco, was preparing to enter construction. There were also two projects in the feasibility stage: Redwood City and Berkeley. The Treasure Island terminal is currently under construction and service feasibility planning is just about to begin, led by the San Francisco

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

Transportation Authority. Finally, an exploratory study of a new technology – Hovercraft – was underway and roughly at the midpoint of the study.

The COVID-19 pandemic has had an impact on the budgets and timelines for delivery of each of these projects. It is still too early to determine the near- and long-term implications for these efforts but they will be better understood as the economy returns and work can resume.

The Seaplane Lagoon Terminal in western Alameda is finalizing construction activities and will open alongside the first phase of a mixed-use residential transit-oriented community that will ultimately total 800 new units of housing. In evaluating whether to begin operations at the Seaplane Lagoon Terminal at the previously agreed-upon date of August 2020, staff has determined that the benefits of providing attractive service and additional capacity in WETA's highest ridership corridor would outweigh any financial implications. From a budgetary standpoint, two vessels will be required to operate in Oakland and Alameda regardless of whether Alameda is served by Main Street or Seaplane Lagoon. With the additional capacity and the ease of transitioning Alameda riders as service resumes, staff recommends proceeding with the August 2020 opening of the Seaplane Lagoon Terminal.

5.5.4 Service Plan, FY 2020-2021

The Service Plan assumes the reintroduction of ferry service in July 2020 at select terminals with gradual service enhancements throughout the year as ridership and demand grows. The estimated dates below will likely shift as the Bay Area economy restarts and ridership and demand begin to build.

- **Stage 2: July – Fall 2020.** In July 2020 under Stage 2, with the Bay Area economy just beginning to open up, ferry service is proposed to begin at reduced levels with six vessels in operation at four of the six terminals outside San Francisco. Service at Seaplane Lagoon is anticipated to begin shortly thereafter, in August 2020, when the facility is ready for operations. South San Francisco service will continue to be suspended until the late fall when more biotech employers are expected to open their offices.

Based on the current trajectory of Vallejo ridership, Vallejo service will reach capacity limits in mid- to late-June. In addition, Richmond ferry service, which is funded with Contra Costa County Measure J funds, will reopen in mid-June.

Weekend service will not restart until spring 2021 at the earliest and will be reintroduced gradually with limited service in Alameda/Oakland and Vallejo. A second phase of weekend service will enhance the first phase and bring back planned weekend service in Richmond by June 2021.

Despite limited resources and the expectation of reduced demand, the Stage 2 plan responds to the Board desire to provide frequency in the highest-volume portions of the system, in an effort to attract commuters to the service. In Vallejo, there will be a 30-minute separation between departures at the critical 6:30-7:00 a.m. period, with five departures in total before 9 a.m. In western Alameda, where WETA service has had the strongest rate of growth the past five years, there will be 30-minute frequencies between 8 and 9 a.m. The evenings will feature hourly service in Stage 2.

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

Figure 5-4 Stage 2 Ferry Service Overview

Service	Peak Trips 6-9 a.m./4-7 p.m.	Off-peak Trips
Vallejo	7	3
Richmond	5	1
Oakland	7	9
Seaplane Lagoon	8	0
Main Street Alameda	1	7
Harbor Bay	6	0
South San Francisco	0	0

- Stage 3: Fall 2020 – Winter 2021.** As the region reaches Stage 3, WETA would add additional service trips to fill out the limited schedules and it is anticipated that South San Francisco will restart, meaning that all WETA terminals will be in operation. Other services that are seeing strong ridership performance should see additional peak and off-peak trips. Social distancing requirements may be adjusted as the region enters Stage 3, meaning vessel capacity may increase and demand can still be met with reduced schedules.

Services that featured hourly frequency in Stage 2 and have strong ridership trends should see enhancements. Because travel behaviors may change significantly, it may be possible that off-peak frequencies will need enhancement prior to peak service.

It is anticipated that weekend service will restart with one vessel in operation in both Vallejo and the Oakland Estuary by the end of Stage 3.

Figure 5-5 Stage 3 Ferry Service Overview

Service	Peak Trips 6-9 a.m./4-7 p.m.	Off-peak Trips	Weekend Trips*
Vallejo	8	3	5
Richmond	7	2	0
Oakland	7	9	7
Seaplane Lagoon	8	4	0
Main Street Alameda	1	7	7
Harbor Bay	8	0	0
South San Francisco	5	1	0

* Weekend service anticipated to restart at the end of Stage 3 timeframe

- Stage 4: Spring – Summer 2021.** Stage 4 should see the return to normal life throughout the region, hopefully with a vaccine or other treatment for the disease that can ensure safety for the broad population. At Stage 4, WETA can fully restore the service levels originally planned for FY 2020-2021 with robust peak service throughout the system.

Service adjustments put into place during stages 2 and 3 are intended to be the backbone of future robust schedules. In other words, 60- or 30-minute frequencies in stages 2 and 3 will be supplemented by additional trips to generate 15- and 30-minute frequencies by Stage 4. Of course, the return and even improvement to this robust service level is predicated on strong

FERRY SERVICE RECOVERY PLAN, FISCAL YEAR 2020-2021

ridership demand, the lifting of capacity limits, and likely a vaccine or some other means of returning to a safe society.

Anticipated service enhancements at Stage 4 include more substantial weekend service in Vallejo and the Oakland Estuary, along with the introduction of weekend service in Richmond.

Commuter services such as South San Francisco and Harbor Bay may have strong enough ridership to enhance peak period service. And all-day services in Vallejo and the Oakland Estuary will see a more complete midday and perhaps even evening service return.

Figure 5-6 Stage 4 Ferry Service Overview

Service	Peak Trips 6-9 a.m./4-7 p.m.	Off-peak Trips.	Weekend Trips
Vallejo	10	5	9
Richmond	9	2	6
Oakland	9	10	13
Seaplane Lagoon	13	4	0
Main Street Alameda	1	7	13
Harbor Bay	9	1	0
South San Francisco	5	1	0

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-26

APPROVE FERRY SERVICE RECOVERY PLAN

WHEREAS, 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; and

WHEREAS, on March 17, Bay Area counties within WETA's jurisdiction began issuing Local Health Orders directing residents to shelter in place. These orders limited activity, travel and business functions for only essential needs; and

WHEREAS, on March 17, 2020, WETA temporarily reduced ferry services in response to these orders and the sharp decrease in travel demand on its services. Reductions included suspending service on the Harbor Bay, Richmond, and South San Francisco routes, suspending Pier 41 and weekend trips, and significantly reducing weekday Alameda/Oakland and Vallejo trips; and

WHEREAS, at the May 7 meeting, the Board discussed an approach to ferry service recovery that increases services over time based upon different anticipated stages of the recovery; and

WHEREAS, the proposed Ferry Service Recovery Plan framework serves to align WETA's service levels with anticipated growth in demand while lowering overall system expense in light of reduced operating revenues; and

WHEREAS, the Ferry Service Recovery Plan will be used by staff in its work to restore services and to communicate to agency stakeholders, including the Metropolitan Transportation Commission (MTC) and its Blue Ribbon Transit Recovery Task Force, on how WETA intends to approach system recovery; and

WHEREAS, the proposed Ferry Service Recovery Plan will be utilized by staff in its preparation of a revised FY 2020/21 Operating Budget for Board consideration in July; now, therefore, be it

RESOLVED, the Board of Directors approves the WETA Ferry Service Recovery Plan to be utilized as a framework to implement service modifications during the year with the understanding that staff will provide the Board with monthly updates on service levels, ridership, and anticipated changes.

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 June 18, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-26
END

MEMORANDUM

TO: Board Members

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

SUBJECT: Fiscal Year 2020/21 Budget Reduction Strategies

Recommendation

Staff recommends that the Board of Directors take the following actions:

1. Provide input and direction on the operating expense reduction strategies outlined in this memorandum with the understanding that staff will return with a revised FY 2020/21 budget and associated actions for consideration at the July 16, 2020 meeting based upon this direction; and
2. Authorize the Executive Director to extend the paid status of WETA's crews under Blue & Gold Fleet employment from July 1, 2020 through July 16, 2020, when the Board will consider a revised FY 2020/21 budget and related actions; and
3. Direct the Executive Director to defer implementation of the planned July 1 Cost of Living Adjustment (COLA) for WETA staff until January 1, 2021, at the earliest.

Background

On May 21, 2020, the Board adopted an \$86.7 million Baseline FY 2020/21 Operating and Capital Budget (Baseline Budget) that included \$54.7 million in operating expense and \$32 million in capital projects. The Baseline Budget was adopted with the understanding that staff would bring a revised Operating Budget in July or August once more was known about the status of budgeted operating subsidies and a service recovery plan was developed. Adopting a baseline budget in May allowed staff to work to secure Regional Measure 2 (RM2) and Regional Measure 1 (RM1) operating subsidies by July 1 for the start of the new fiscal year and to request additional federal Coronavirus Aid, Relief, and Economic Security (CARES) Act funds from the Metropolitan Transportation Commission's (MTC) second distribution.

For purposes of establishing the Baseline Operating Budget expense, staff assumed the operation of planned pre-pandemic service levels recognizing that these could be modified later to reflect a reduction in service once the Board established a service recovery plan.

On the revenue side, the Baseline Operating Budget assumed the use of historically available operating subsidies, new CARES Act Funds and carryover fund reserves to make up for the anticipated fare losses due to anticipated reduced ridership. Staff indicated that both the RM2 and CARES Act funds could well be lower than the budgeted amounts, and that staff would bring a revised budget once MTC determined the funds available to WETA from these two operating subsidy sources.

Discussion

Since the Baseline Budget was adopted staff has worked to develop a service recovery plan, discussed earlier in Item 4 on the meeting agenda, and to secure operating funds available in FY 2020/21. This item serves as a preliminary discussion of WETA's potential operating revenue shortfall and expense reduction strategies to close the anticipated funding gap for the new fiscal year. Staff will use feedback from this discussion to develop a revised FY 2020/21 Operating Budget for Board consideration at the regularly scheduled July 16, 2020 meeting.

Operating Revenue Adjustments

Actual FY 2020/21 RM 2 and future CARES Act fund distribution amounts were both unknown at the time that the Baseline Budget was adopted. Since May, MTC has finalized its FY 2020/21 RM2 fund program and initiated preliminary discussions with operators regarding the second distribution of CARES Act funds.

Regional Measure 2

The Baseline Budget included \$19.5 million RM2 funds - the amount historically available to support system operations. At the time that the Baseline Budget was adopted, MTC indicated that FY 2020/21 RM2 funds could be reduced anywhere from 25% to 40%, or between \$4.9 and \$7.8 million, due to anticipated reduced bridge traffic and tolls. MTC's final FY 2020/21 RM2 program includes an across-the-board reduction in operating funds for all project sponsors of 29.5%. This results in a \$5.8 million reduction in FY 2020/21 RM2 operating funds for WETA.

CARES Act Funds

The Baseline Budget included \$17 million CARES Act operating funds. This amount included \$9 million carryover funds from MTC's initial distribution in FY 2019/20 and an estimated \$8 million from MTC's second distribution, based upon MTC's formula for the first distribution. MTC is in the process of developing a framework for allocation of the second distribution of funds that will be based upon a new revenue loss formula and application of an equity factor to ensure that funds are available to support systems that serve the region's most vulnerable low-income population. MTC's goal is to reach agreement on the distribution of these funds by the end of June and allocate funds to operators in July. Preliminary numbers show WETA receiving between \$5.5 and \$7.3 million, which represents a reduction of between \$.7 and \$2.5 million from the budgeted amount.

Overall, the reduction in RM2 and CARES Act funds available to WETA will result in an estimated operating revenue reduction and shortfall of between **\$6.5 and \$8.3 million** that must be made up with reduced expense or the use of additional carryover fund reserves.

Operating Expense Reduction Strategies

Staff identified three categories of budget reduction strategies for discussion with the Budget Advisory Committee established by the Board Chair at the June 4 meeting as summarized below. The committee members expressed a strong preference to focus on savings that can be achieved through implementation of expense reduction Strategies 1 and 2 and to defer action on Strategy 3 workforce reductions at this time. Strategy 1 and 2 savings have the potential to reduce the budgeted expense by up to \$7.5 million, which falls within the estimated range of the revenue shortfall that will need to be filled at this time. The three strategies are described briefly below.

1. **Reduced Baseline Recovery Service Plan – Savings up to \$6.25 million**

This strategy would modify baseline service costs to match planned modified service levels and system ramp-up over the year by recovery stages as identified in the Ferry Service Recovery Plan. This strategy would maintain a minimum level of 25 crews to support service operation and ensure that WETA has baseline emergency response resources available to serve the region as needed.

- Crew Savings - \$4.25 million
- Fuel Savings - \$2 million

2. **Modified Work Program – Savings up to \$1.25 million**

This strategy would modify the budget work program to reduce or eliminate spending and contingencies for certain activities and to add in the new cost of cleaning to address the COVID-19 virus. Expense reductions will exceed new costs, resulting in a net expense reduction.

Operations – \$1 million

- Eliminate Engineering Cadet program
- Eliminate budgeted overtime for Engineers
- Reduce non-essential vessel drydocks (up to 6)
- Reduce training/exercise budget (extra crew time)
- Modify Vallejo Ticket Office hours/operations
- Other miscellaneous

To be offset with:

- New cleaning costs to address COVID-19 virus

Planning & Administration – \$250,000

- Reduce Marketing/Communications budget
 - Events, video production, creative design, campaigns
- Defer operations database modifications
- Reduce planning/consultant funds, travel, training
- Defer July 1 Cost of Living Adjustment (COLA) increase for WETA staff

3. **Workforce Reduction – Savings up to \$3.75 million**

This strategy would implement staff reductions across several disciplines in order to reduce expense. This includes the potential to reduce crews to fit the minimum operating requirements or create more flexible pay options for crews when not in active service, reduce the number of engineers working at WETA's North Bay and Central Bay facilities, and reduce WETA's Planning & Administration staff count.

Fiscal Impact

Staff will bring a revised FY 2020/21 Operating Budget to the Board for consideration on July 16 that includes the final RM2 and CARES Act revenue adjustments and reflects the recommended expense reduction strategies and any further direction provided by the Board. Any budget shortfall remaining after Strategies 1 and 2 are applied would be funded with carryover fund reserves.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-27

FY 2020/21 BUDGET REDUCTION STRATEGIES

WHEREAS, on May 21, 2020, the Board of Directors adopted an \$86.7 million Baseline FY 2020/21 Operating and Capital Budget (Baseline Budget) that included \$54.7 million in operating expense and \$32 million for capital projects; and

WHEREAS, the Baseline Budget was adopted with the understanding that staff would bring back a revised operating budget in July or August once more was known about the status of budgeted operating subsidies and a service recovery plan was developed; and

WHEREAS, a Budget Advisory Committee of the Board was established at the June 4 meeting to work with staff to identify potential operating budget reduction strategies for discussion at a Special Meeting to be held on June 18; and

WHEREAS, WETA has developed a Ferry Service Recovery Plan and more is known regarding WETA's operating revenue shortfalls, estimated to be between \$6.5 million and \$8.3 million, requiring the implementation of operating expense reductions to balance revenues and expense; and

WHEREAS, staff has identified operating expense reduction strategies that have been reviewed by the Budget Advisory Committee and are now proposed for Board discussion and direction; and

WHEREAS, staff proposes to bring a revised FY 2020/21 Operating Budget with expense reduction strategies to the July 16 meeting for adoption; and

WHEREAS, there are two matters requiring action before the July 16 meeting including one related to extending the paid status of Blue & Gold Fleet crews and another related to the scheduled July 1 Cost of Living Adjustment for WETA staff; now, therefore, be it

RESOLVED, that the Board of Directors authorizes the Executive Director to extend the paid status of WETA's crews under Blue & Gold Fleet employment from June 30 until July 16 when a revised FY 2020/21 operating budget will be considered; and be it further

RESOLVED, that the Board of Directors directs the Executive Director to defer implementation of the Cost of Living Allowance for WETA staff until January 1, 2021, at the earliest.

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 June 18, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-27

END