WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

Members of the Board

James Wunderman, Chair
Jessica Alba
Jeffrey DelBono
Anthony J. Intintoli, Jr.
Monique Moyer

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORATION AUTHORITY
BOARD OF DIRECTORS MEETING
Thursday, December 10, 2020 at 1:30 p.m.

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AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. REPORT OF BOARD CHAIR — ***Information***
   a. Chair's Verbal Report

4. REPORTS OF DIRECTORS — ***Information***
   Directors are limited to providing information, asking clarifying questions about matters not on the agenda, responding to public comment, referring matters to committee or staff for information, or requesting a report to be made at another meeting.

5. REPORTS OF STAFF — ***Information/ Action***
   a. Executive Director's Report on Agency Projects, Activities and Services
   b. Monthly Review of Financial Statements
   c. Federal Legislative Update
   d. State Legislative Update
   e. Monthly Ridership and Recovery Report
   f. Reduced Fare Promotion Update

6. CONSENT CALENDAR — ***Action***
   a. Board Meeting Minutes – November 5, 2020

7. RECESS INTO CLOSED SESSION — ***Information/ Action***
   a. Conference with Legal Counsel – Anticipated Litigation
   Pursuant to Government Code Sections 54956.9 (d)(2)
   One potential case

b. Public Employee Appointment and Conference with Labor Negotiator
Pursuant to Government Code Sections 54957(b)(1), 54957.6
Title: Executive Director
Agency Representative: Steven Miller

8. REPORT OF ACTIVITY IN CLOSED SESSION — ***Information/ Action***
   Consider adoption of resolution appointing a new Executive Director and approving employment agreement.

9. RECEIVE THE INDEPENDENT AUDITORS' REPORTS FOR THE FISCAL YEAR ENDING JUNE 30, 2020 — ***Action***

10. RECEIVE FINAL WETA HOVERCRAFT FEASIBILITY STUDY — ***Action***

11. FY 2020-21 BUDGET OVERVIEW, YEAR-TO-DATE AND YEAR-END PROJECTION — ***Information***

12. CONSIDER AUTHORIZING A COST OF LIVING PAY ADJUSTMENT EFFECTIVE JANUARY 1, 2021 — ***Action***

13. UPGRADE ACCOUNTING SPECIALIST POSITION TO ACCOUNTANT — ***Action***

14. REVIEW AND CONSIDER ADOPTING A RESOLUTION OF SUPPORT FOR SEAMLESS TRANSIT PRINCIPLES — ***Action***

15. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

ADJOURNMENT

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

CHANGES RELATED TO COVID-19
Consistent with Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20, 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 WETA welcomes comments from the public.

If you know in advance that you would like to make a public comment during the videoconference, please email BoardOfDirectors@watertransit.org with your name and item number you would like to provide comment on no later than 15 minutes after the start of the meeting. During the public comment period, speakers will be allotted no more than 3 minutes to speak and will be heard in the order of sign-up. Said time frames may be extended only upon approval of the Board of Directors.

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

Non-Agenda Items: A 15-minute period of public comment for non-agenda items will be held at the end of the meeting. Please indicate on your speaker card that you wish to speak on a non-agenda item. No action can be taken on any matter raised during the public comment period.

Upon request, WETA will provide written agenda materials in appropriate alternative formats to individuals with disabilities. In addition, WETA will arrange for disability-related modifications or accommodations including auxiliary aids or services to enable individuals with disabilities to participate in public meetings. Please send an email with your request to: contactus@watertransit.org or by telephone: (415) 291-3377 as soon as possible and no later than 5 days prior to the meeting and we will work to accommodate access to the meeting.

AGENDA ITEM 1
CALL TO ORDER

AGENDA ITEM 2
ROLL CALL

AGENDA ITEM 3
REPORT OF BOARD CHAIR

AGENDA ITEM 4
REPORTS OF DIRECTORS

NO MATERIALS

TO: WETA Board Members

FROM: Nina Rannells, Executive Director

DATE: December 10, 2020

RE: Executive Director's Report

CAPITAL PROJECT IMPLEMENTATION UPDATE

Two New Commuter Class Vessels

This project will construct two mid-size high-speed passenger vessels with the versatility to support WETA's diverse system of routes and facilities constrained by vessel size and water depth. In March 2018, the Board approved a contract award to Glosten for construction management services to support vessel construction. In October 2018, the Board approved a contract award to Mavrik Marine Inc. (Mavrik) for construction of an initial vessel and in December 2019 approved construction of a second, optional vessel. Keel laying and construction of the first vessel, MV *Dorado*, commenced on December 18, 2018. Full hull weld-out is complete and the superstructure is painted. Insulation, plumbing, and wiring work is near completion, and propulsion components are being prepared for installation. Launch and sea trials and final delivery are anticipated in early 2021. Construction of the second vessel is underway and expected to be completed in 2021. These build schedules have been impacted by the COVID-19 pandemic and local shelter-in-place orders. At this juncture, approximately 75% of the workforce is available and working; morning and evening work shifts are being utilized to maintain physical distancing.

MV *Bay Breeze* and MV *Solano* Vessel Replacement

Both vessels have met the requirements qualifying for Federal Transit Administration (FTA) replacement funds. These 320-passenger replacement vessels will have minimal environmental impact, advanced Tier 4 emission controls, shallow draft, and low wake features. On February 13, the Board authorized release of a Request for Proposals (RFP) for the MV *Bay Breeze* replacement vessel construction. On February 13, the Board authorized a construction management services award to Aurora Marine Design. On March 12, the Board authorized staff to solicit proposals for the MV *Solano* replacement as a part of a single, combined solicitation with the MV *Bay Breeze* replacement project. In October 2020, the Board approved a contract award to Mavrik for construction of two vessels, to replace the MV *Solano* and MV *Bay Breeze.*

Mission Bay Electric Vessel and Terminal Charging Infrastructure

On April 21, the California State Transportation Agency (CalSTA) announced an award of $9.06 million in state Transit and Intercity Rail Capital Program (TIRCP) grant funds to support construction of an all-electric ferry and related infrastructure for new Mission Bay Ferry service. The project includes design and construction of one new all-electric vessel and related shoreside charging infrastructure at the Mission Bay and Downtown San Francisco Ferry Terminals. The Mission Bay ferry service is a critical 2.6-mile extension service between the Downtown San Francisco and Mission Bay Ferry Terminals that will improve the reach of existing ferry routes from Alameda, Oakland, Richmond, and Vallejo. Staff has discussed the revised timeframe for the Port of San Francisco to construct the new Mission Bay ferry terminal with CalSTA in order to ensure that the state TIRCP funds will remain available for this project when terminal construction moves forward.

Alameda Main Street Terminal Refurbishment
This project will design and construct terminal refurbishments and upgrades to this important WETA facility in order to maintain it in a state of good repair. WETA received a $4,456,000 discretionary Federal Transit Administration Ferry Grant Program award in July 2020 to support this project. Staff is in the process of preparing an RFP for engineering and design services to design and develop this project for construction.

Downtown San Francisco Ferry Terminal Expansion Project
This project expands berthing capacity at the Downtown San Francisco Ferry Terminal in order to support new and existing ferry services to San Francisco. The project also includes landside improvements needed to accommodate expected service expansion, increases in ridership, and to support emergency response capabilities. The construction contractor for the project is Power Engineering and construction management services was provided by Jacobs Engineering.

Project construction began in February 2017 and is now complete, with the exception of work to install permanent electrical service. Work on the electrical connection began mid-July and is anticipated to be complete by December 2020.

SERVICE DEVELOPMENT UPDATE

Mission Bay Ferry Landing
The SF Port has conducted feasibility and design studies in partnership with WETA staff for a future Mission Bay ferry landing. A project Memorandum of Understanding (MOU) between the SF Port and WETA was adopted by the Board in January 2017, establishing roles and responsibilities for the joint development of this project. The environmental document, final design, and permitting are now complete.

In April 2019, the SF Port requested that WETA commit $25 million of its future Regional Measure 3 (RM3) funds to support terminal construction, estimated at the time to cost approximately $40 million, in order to fully fund project construction. The Board authorized the Executive Director to enter into an MOU and a resolution for a Letter of No Prejudice (LONP) at the February 2020 Board meeting. On March 25, 2020, the Metropolitan Transportation Commission (MTC) approved the LONP request. Adoption of the MOU by SF Port Commission has been postponed at this juncture as the SF Port works to revise the project schedule and funding plan for the project.

On March 11, 2020, the SF Port released Invitations for Bids for both dredging and site preparation. The SF Port awarded the contract at its April 28 Commission meeting. Dredging and site preparation began in August 2020. The balance of the terminal construction activities was previously scheduled to begin in 2020; however, due to the pandemic, the SF Port has identified new financial challenges for the project and deferred the construction schedule out to 2021.

At the September 2020 meeting, the Board requested that the SF Port create a task force with representatives from the SF Port, City of San Francisco, and WETA to explore new funding opportunities and to deliver the project as early as possible. Director Moyer agreed to participate on this task force on behalf of the WETA Board.

Oakland Athletics Howard Terminal Stadium Proposal
WETA staff has met on a few occasions with the Oakland Athletics organization (Athletics) and the Howard Terminal stadium development team. WETA submitted a comment letter during the scoping phase for the anticipated Environmental Impact Report (EIR) identifying terminal

capacity limitations at the existing Oakland Jack London Square Ferry Terminal for consideration during the EIR process. The Athletics are currently assuming that existing commute-period ferry service will satisfy the demand from San Francisco.

Alameda Seaplane Lagoon Ferry Terminal
In April 2016, the Board and Alameda City Council adopted an MOU defining a future service concept for western Alameda and identifying the terms and conditions under which a new Seaplane Lagoon ferry service would be implemented.

The transfer of property from the City of Alameda (Alameda) to the development team - Alameda Point Partners (APP) - included a $10 million contribution toward the Seaplane Lagoon Ferry Terminal. Alameda previously secured $8.2 million from the Alameda County Transportation Commission for the terminal and has recently committed $2 million from City general funds. In September 2018 the Board authorized a commitment of $2 million to the project to close a funding gap and keep the project on schedule for construction. The Board and Alameda City Council adopted an Operating Agreement in December 2019 that supports transfer of the terminal waterside assets to WETA upon completion. On July 22, the United States Coast Guard (USCG) conducted the Seaplane Lagoon Terminal security inspection and found no deficiencies. Alameda and APP completed construction in August 2020 and the new terminal is ready for operations.

Staff has developed a marketing and outreach plan, branded "Seaplane Shift" to support the new Seaplane Lagoon service and related changes to the Alameda/Oakland estuary services. The campaign plan was revised in the wake of the COVID-19 crisis and the modified campaign was launched in May 2020. Outreach to passengers continues despite the uncertainty around the timing of launch of Seaplane Lagoon service. Staff has prepared a minor route rebrand timed to coincide with the Seaplane Shift to ensure passenger clarity around the differences between service out of Seaplane Lagoon (commute-focused) and the Main Street Alameda Ferry Terminal (off-peak, through Oakland).

Redwood City Ferry Terminal
WETA prepared a draft Redwood City ferry terminal site feasibility report in 2012 to identify site opportunities, constraints, and design requirements, and better understand project feasibility and costs associated with the development of a terminal and service to Redwood City. During the summer of 2016, staff from the Port of Redwood City (RWC Port), WETA, and Redwood City met to redefine a ferry project and pursue feasibility study funds to move the project toward implementation.

In March 2020, the RWC Port, Redwood City, and WETA approved entering into a project MOU that defines agency roles and responsibilities for working together to advance the feasibility study and potential future terminal planning and development. Redwood City led the effort to prepare a Financial Feasibility Study and Cost Benefit Analysis Report for the Redwood City ferry terminal construction and service utilizing close to $500,000 in San Mateo County Measure A transportation sales tax funds. The study, which kicked off at a February 2019 meeting with a consultant team and staff from the RWC Port, Redwood City, and WETA, was completed in November 2020. Staff provided an overview of WETA's System Expansion Policy and an introduction to the Redwood City Feasibility Study at the October WETA Board meeting. The study consultant team made a presentation of the study results and recommended next steps at the November WETA Board meeting, where the report was received by the Board. The Redwood City Port Commission received the report on November 18 and the City Council will hear the presentation and consider receiving the report on December 21.

Berkeley Ferry Terminal
The proposed Berkeley service will provide an alternative transportation link between Berkeley and downtown San Francisco. In July 2019, the City of Berkeley (Berkeley) and WETA executed an MOU to proceed with the planning phase of this project which will include a study to evaluate the feasibility of constructing a dual-use pier facility at or near the Berkeley Municipal Pier that would serve as both a ferry terminal and public access space. Upon completion, the findings of the study will be presented to the Board and City Council for consideration, consistent with the terms of the MOU. Berkeley has contracted with GHD to support the study which is expected to require 18 months to complete. WETA and Berkeley are involved in feasibility study activities, including evaluation of landside and waterside options for developing a terminal at the existing recreational pier site on the Berkeley waterfront. In December, the project team will be scheduling meetings with targeted stakeholders to discuss community interests regarding the proposed project. Staff anticipates being in a position to provide the WETA Board with a project update in early 2021.

Treasure Island Ferry Service
WETA has worked with City of San Francisco staff for 10+ years to support development of the Treasure Island ferry terminal and service in conjunction with the City of San Francisco's efforts to develop the island. This project - which will be implemented by the Treasure Island Development Authority (TIDA), the San Francisco County Transportation Authority (SFCTA) acting in its capacity as the Treasure Island Mobility Management Authority (TIMMA), and the developer – has committed to implementing new ferry service between Treasure Island and downtown San Francisco consistent with the 2011 Treasure Island Transportation Implementation Plan.

Staff from SFCTA/TIMMA provided an update on the project and the transportation plan at the February and April 2019 Board meetings, indicating that they hoped to advance the start of ferry service to 2021. More recently, as confirmed in a January 2020 update to the Board, SFCTA/TIMMA staff has indicated that they anticipate being able to support launch of a new public Treasure Island ferry service in July 2023. They previously indicated that they were working toward a toll measure for TIMMA Board consideration in summer 2019, but this work has been deferred to 2020. In the meantime, the developer began construction of the ferry terminal in September 2019. Staff has been coordinating review of the terminal under construction with the Treasure Island developer to ensure that WETA vessels will be able to land at this terminal. In May, the SFCTA staff proposed conducting a consultant analysis of ferry service for Treasure Island and select portions of the San Francisco waterfront. A consultant team has been identified for the study, though a start date for the work has not been set.

<u>SYSTEM PLANS/STUDIES</u>
Hovercraft Feasibility Study
This study will broadly consider the feasibility of operating hovercraft on San Francisco Bay as part of the WETA water transit system. A Hovercraft Stakeholder Committee was assembled, comprised of hovercraft industry representatives, advocates from Bay Area public policy groups, environmental organizations, and maritime industry representatives to guide the study. Staff also convened a Hovercraft Technical Advisory Committee to review and provide input on preliminary results of the study. On September 5, 2019 the Board authorized a contract award to AECOM, and staff has subsequently executed a professional services agreement for the study. The initial task for the consultant team was to review the 2011 WETA Hovercraft Feasibility Study and update areas such as technology, environmental performance, and costs. Those draft results were reviewed by staff and returned to the consultants for finalization. WETA staff and consultants hosted Technical Advisory and Stakeholder Advocacy Workshops on

February 26 to give local jurisdictions and interested stakeholders a chance to provide feedback to the study team and give input on the direction of the study. Staff presented an overview of the initial work at the March 12 meeting. The second round of committee meetings held the week of May 11 included a conversation about narrowing down the top routes for further analysis. The consultant provided an update to the Board at the June meeting highlighting the list of top routes for further analysis.

Staff and the consultant have completed a round of meetings with the cities included in the final routes to review initial ridership modeling findings. Two additional rounds of meetings have occurred with the stakeholder committees participating in the study effort. In addition, meetings with select private sector employers were held to better understand how hovercraft could meet the needs of larger employers. A draft report was released to the committees and written comments were submitted to the study team at the end of October. The study will be completed in November and presented to the WETA Board at the December 2020 meeting.

MTC's Blue Ribbon Transit Recovery Task Force
The MTC has created a Blue Ribbon Transit Recovery Task Force (Task Force) to guide the future of the Bay Area's public transportation network as the region adjusts to new conditions created by the COVID-19 pandemic. The Task Force, chaired by MTC Commissioner and Solano County Supervisor Jim Spering, includes other local elected officials as well as advocates for people with disabilities; representatives from the state Senate and Assembly; the California State Transportation Agency; transit operators; business and labor groups; and transit and social justice advocates. The Task Force members were formally appointed at the Commission's May 27 meeting. While WETA does not have a direct seat on the Task Force, Chair Wunderman is a participant through his role at the Bay Area Council.

Bay Area transit operators have worked collaboratively to form several working groups focused on the areas of financial sustainability, public health and safety, service and operations planning and communications in order to support the Task Force's work and discussions. WETA staff is regularly participating in these working groups.

Initial work of the Task Force included developing a recommendation for expedited distribution of federal Coronavirus Aid, Relief, and Economic Security (CARES) Act Phase 2 funds which was approved by MTC on July 22. In addition, the transit operators worked to develop a Public Health on Transit Plan, which was presented to the Task Force at their June 28 and July 20 meetings, that provides a common, scalable set of guidelines and best practices to protect the health of riders and transit workers in the region as we continue to operate during the pandemic. This plan, which was adopted by the WETA Board on September 3, has its own web site – healthytransitplan.com – that will also feature a dashboard with regularly-updated data from all Bay Area transit agencies in areas such as mask compliance and vehicle/vessel occupancy. The Task Force is now considering its future work program, recognizing that most Bay Area transit agencies are still operating at minimal levels and facing significant fiscal challenges. Upcoming Task Force meetings will define the work program considering this reality and likely shift the original focus of transit agencies involved in the effort. The next Task Force meeting is scheduled to take place on December 12, 2020.

EMERGENCY RESPONSE ACTIVITIES UPDATE
WETA's enabling legislation directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. The following emergency response related activities are currently underway:

- The Bay Ferry V, scheduled for November 16-22 and hosted by Golden Gate Ferry in cooperation with United States Coast Guard (USCG) Sector San Francisco (SF) and other local, state, and federal first responders and emergency managers, has officially been cancelled until further notice due to the COVID-19 pandemic. This exercise was scheduled to count toward the USCG Vessel Mutual Aid Plan (VMAP) exercise requirement. Staff has worked with USCG Sector SF to instead participate in a virtual tabletop exercise to satisfy this requirement. USCG has offered to plan and host the tabletop exercise which was held on November 5. WETA and Blue & Gold Fleet staff participated in the exercise.

- Response to COVID-19: WETA has partially activated its Emergency Operations Center in response to COVID-19 by staffing the Public Information Officer (PIO) and Liaison positions. As the pandemic has become our new normal, this work has largely been integrated into our normal staff roles.

- Staff has submitted an application to request reimbursement from the Federal Emergency Management Agency (FEMA) for costs associated with electrostatic disinfecting of vessels and facilities and for the purchase of personal protective equipment. WETA spent $175,620 on these costs from late February through June 30. If approved, FEMA will reimburse WETA 75 percent of eligible costs. On September 1, FEMA issued a policy to change the requirements for determining the eligibility of work and costs under its Public Assistance Program for the California COVID-19 Pandemic Disaster Event. Effective September 15, WETA will no longer be able to apply for reimbursement of COVID related costs. Staff is in the process of submitting a final application for reimbursement of COVID related costs expended between July 1-September 14.

- In addition to seeking reimbursement from FEMA for COVID specific expenses, WETA has worked to request resources from federal and state agencies to help offset expenses for Personal Protective Equipment for frontline staff. WETA has been fortunate to receive the resources listed below from the California Office of Emergency Services (Cal OES), the Federal Transit Administration (FTA), and the Maritime Administration (MARAD):

    - Cal OES provided:
        - 126 gallons of hand sanitizer
        - 3,600 cloth masks
        - 4,000 disposable masks
        - 80,000 vinyl gloves
    - FTA provided 5,000 cloth masks
    - MARAD provided 3,000 cloth masks

OPERATIONS REPORT

WETA Operations and COVID-19 Preventive Measures

Since March 17, WETA has offered limited Vallejo and Alameda/Oakland peak-period service to San Francisco on weekdays during the shelter-in-place orders. This included two morning and two afternoon trips between Vallejo and San Francisco and three morning and three afternoon trips between Alameda/Oakland and San Francisco. Staff has closely monitored ridership capacity to meet demand while adhering to social distancing guidelines. Vallejo ridership experienced a steady average increase of 26 percent on its peak trips between May and June and has remained at this average level with varied increases in November likely from the Dollar Days promotion and the Veteran's Day holiday when many recreational riders took advantage of the good weather and time off work. In response to increasing ridership levels between May and June, two additional peak-period morning and afternoon trips were added in Vallejo on June 15 and on September 14, the Vallejo Ticket Office hours were adjusted to better serve demand. Service resumed in Richmond on June 15 providing three morning and three afternoon peak-period trips between Richmond and the Ferry Building. In an effort to restore service and provide flexibility for riders traveling later or returning home earlier in the day between Alameda and Oakland and San Francisco, two mid-day round trips resumed on November 16, bringing the daily total to eight round trips between Alameda and Oakland and San Francisco.

Crews and boats are rotated into service to maintain fleetwide operational readiness. In the North Bay and Central Bay, eight crews continue to operate the daily service. Stand-by crews remain onsite performing vessel and facility maintenance, training, and exercising with a focus on vessel and crew regulatory compliance, cleaning, and maintaining operational availability for back-up service as needed.

WETA is committed to passenger safety and continues to follow local and state public health orders as they are released to prevent the spread of the virus and to ensure ridership confidence. In keeping with the recently adopted Passenger and Crew Safety Plan and Communications Campaign, passengers are required to wear protective masks or face coverings to ride the ferry, no eating or drinking is allowed while onboard, and hand sanitizer is available on each vessel. Passengers are reminded through on-board messaging of the social distancing and personal protective equipment requirements. WETA has established passenger distancing measures on vessels with seat markers to identify available seating and seating that is not to be used. Additionally, to ensure social distancing requirements at all active ferry terminals in the system, markers have been placed in areas of passenger queuing to reflect the six-foot distance needed to safely board and disembark.

The health and safety of our crews is also a top priority. COVID-19 Prevention Guidelines for employees and the public are posted at each facility and on each vessel. Staff is closely monitoring local and state public health orders and making updates to its operational guidelines as applicable. Vessel crews are required to self-screen (including temperature checks) before reporting to work. All crews have been provided with personal protective equipment such as face masks and gloves. Crews are required to wear protective masks while on duty and are limiting the number of passengers onboard to maintain social distancing guidelines.

As part of the coordinated efforts to slow the spread of COVID-19, WETA's service contractor, Blue & Gold has implemented extensive vessel and terminal cleaning protocols with increased frequency with special attention to disinfecting all high-touch hard surfaces such as Clipper readers, handrails, arm rests, door handles, seat trays, stairwells, tabletops, restrooms, and all fixtures in the pilot house. Vessel fogging is administered at the end of each shift on in-service vessels.

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

KEY BUSINESS MEETINGS AND EXTERNAL OUTREACH

On November 9 and 10, staff participated virtually in Marine Log's 33rd annual Ferries Conference which supports the ferry and passenger vessel community.

On November 12, Keith Stahnke and Kevin Donnelly attended the Harbor Safety Committee meeting.

On November 16, Nina Rannells participated in the Clipper Executive Board meeting online.

On November 18, Kevin Connolly, Chad Mason and Arthi Krubanandh attended the Port of Redwood City Port Commission meeting.

On November 18, Thomas Hall participated in the Visit Vallejo Board of Directors meeting.

On November 19, Thomas Hall participated in MTC quarterly meeting on Clipper education and customer service.

On November 23, staff attended the MTC Blue Ribbon Task Force meeting.

On November 23, Nina Rannells attended APTA's Public Transportation CEOs Coordinating Council Fall Meeting online.

On December 1, Nina Rannells participated in MTC's Bay Area Partnership Board meeting online.

OTHER BUSINESS

Regional Measure 3

In June 2018 Bay Area voters approved Regional Measure 3 (RM3) which raises Bay Area bridge tolls by $3 over a six-year period starting with a $1 increase on January 1, 2019, followed by additional $1 increases in January 2022 and January 2025.

Since its passage, RM3 has been challenged by two lawsuits in the Superior Court of the City and County of San Francisco including the *Howard Jarvis Taxpayers Association, et al v. The Bay Area Toll Authority and the California State Legislature* and *Randall Whitney v. MTC*. These cases were dismissed by the Court on April 23 and June 11, 2019, respectively. A Notice of Appeal was filed by each plaintiff and these two appeal cases were consolidated on October 9, 2019. The appellants' consolidated opening brief was filed on October 29, 2019. The respondents' consolidated opposition brief was filed on December 19, 2019. The appellants' reply brief was filed in January 2020. The Court of Appeal held a hearing on May 26 for the two cases. On June 29, 2020, the Court of Appeal issued its opinion in the two pending cases (Howard Jarvis Taxpayer Association and Randall Whitney) challenging the validity of RM3, the toll increase for the seven state-owned Bay Area bridges that was approved by the voters in 2018 by a 55 percent majority. The Court unanimously affirmed the trial court's decision that such a toll is not a tax. The appellate court concluded that the RM3 toll increase falls within the California Constitution's exception from the definition of "tax" for "a charge imposed for entrance to or use of state property." The appellate court found that the Legislature, in passing Senate Bill 595, had the power to impose a regional toll increase conditional upon approval of the region's voters. The court determined that voter approval by a two-thirds majority vote did not apply.

On July 8, 2020 the plaintiffs filed a petition for rehearing before the Court of Appeal, which was denied on July 13. The plaintiffs filed a petition for review with the California Supreme Court on August 10. On October 14, the California Supreme Court granted review of the RM3 case. Further action will be deferred, however, until the Court has considered and decided the Zolly case, which is currently pending with the court.

On January 1, 2019 BATA began collecting the first dollar of the approved toll increase. Toll revenues collected are being placed into an escrow account and will not be allocated to project sponsors until the lawsuits are settled. MTC staff has prepared general guidelines for RM3 program administration that the Commission adopted in December 2019. Staff will work with MTC to ensure that we are positioned to secure toll measure funds when they are available.

PROPSF California Public Utilities Commission Filing
On October 11, 2019 WETA filed a response to an application by PROPSF, LLC to amend its certificate of public convenience and necessity (CPCN) to allow PROPSF to add unscheduled, prearranged vessel common carrier service between points in San Francisco, Marin, the Peninsula, and the East Bay, establish rates therefore, and a zone of rate freedom (ZORF) of 20% for both scheduled and unscheduled services. By way of background, in 2016, PROPSF obtained a CPCN from the California Public Utilities Commission (CPUC) to provide scheduled vessel common carrier service for service routes between San Francisco, Berkeley, Emeryville, and Redwood City. At the same time, another operator, Tideline Marine Group (Tideline), obtained a CPCN to provide vessel common carrier authority for both scheduled (landings in San Francisco, Berkeley, and Emeryville) and unscheduled, prearranged service (landings in San Francisco, Marin County, and the East Bay). WETA filed a response to the applications, stating its position that private operators can contribute to the development of a better water transportation system, but regulation is necessary to ensure that the private operators do not interfere with WETA's operations. PROPSF seeks to amend its 2016 CPCN to add authorization to provide unscheduled, prearranged vessel common carrier service, which it characterizes as similar to the authority granted to Tideline in 2016.

WETA's response reiterated the position expressed in the previous proceeding that while small-scale water taxi operations have limited potential to affect WETA's operations, the potential for disruption to WETA's operations grows as water taxi service increases in scale. WETA's response requests that the CPUC consider further environmental review and analysis of unscheduled, prearranged service as the scope and frequency of such service intensifies and to consider the further definition or parameters for unscheduled, prearranged service by private operators as to avoid interference with WETA's operations. WETA's response also recaps WETA's statutory mandate to plan, operate, and manage a comprehensive water transportation system in the San Francisco Bay and WETA's interest in a regulatory approach that is consistent with that mandate. PROPSF has replied to WETA's response asserting that no further California Environmental Quality Act (CEQA) review should be required at any point, that its proposed service will not affect WETA's operations and proposes a broad definition of unscheduled, prearranged service.

The CPUC held a pre-hearing conference on February 4 to determine whether a hearing will be necessary and, if so, on what issues. On March 2, the CPUC Commissioner assigned to this case issued a scoping memo that specified several issues for further briefing, which include: 1) the impacts of the proposed service on public ferry services; 2) whether the CPUC should impose conditions on the service; and 3) whether further CEQA review is necessary. WETA submitted an opening brief on March 20, and a reply to PROPSF's opening brief on March 30. On June 29, 2020 the Peninsula Aquatic Center Junior Crew requested party status in this matter, which was heard by the Administrative Law Judge on October 20, 2020. Staff will continue to monitor this proceeding and applications to operate similar service consistent with prior Board direction.

END

Attachment A

Monthly Operating Statistics Report
October 2020

			Alameda/ Oakland	Harbor Bay †	Richmond	South San Francisco †	Vallejo	Systemwide
Boardings	vs. last month	Total Passengers October 2020	6,262		2,128		11,322	19,712
		Total Passengers September 2020	4,963		1,578		9,777	16,318
		Percent change	26.17%		34.85%		15.80%	20.80%
	vs. same month last year	Total Passengers October 2020	6,262		2,128		11,322	19,712
		Total Passengers October 2019	138,487	34,232	23,470	14,480	100,017	310,686
		Percent change	-95.48%	-100.00%	-90.93%	-100.00%	-88.68%	-93.66%
	vs. prior FY to date	Total Passengers Current FY To Date	22,900		6,601		40,653	70,154
		Total Passengers Last FY To Date	574,298	126,664	85,889	52,746	423,278	1,262,875
		Percent change	-96.01%	-100.00%	-92.31%	-100.00%	-90.40%	-94.44%
		Avg Weekday Ridership October 2020	285		97		515	896
Ops Stats		Passengers Per Hour October 2020	61		17		33	34
		Revenue Hours October 2020	103		128		348	579
		Revenue Miles October 2020	1,395		2,310		9,799	13,504
		Farebox Recovery Year-To-Date	4%		2%		8%	5%
		Cost per Available Seat Mile – October 2020	$1.48		$0.62		$0.31	$0.56
		Average peak hour utilization, AM – October 2020	11%		6%		13%	10%
		Average peak hour utilization, PM – October 2020	16%		9%		17%	14%
		Fuel Used (gallons) – October 2020	6,733		11,152		74,741	92,626
		Avg Cost per gallon – October 2020	$1.78		$1.78		$1.75	$1.76

† Service suspended on the Harbor Bay and South San Francisco routes due to COVID-19 effective March 17.

AGENDA ITEM 5b
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

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

SUBJECT: Monthly Review of FY 2020/21 Financial Statements for Four Months Ending October 31, 2020

Recommendation
There is no recommendation associated with this informational item.

Summary
This report provides the attached FY 2020/21 Financial Statements for four months ending October 31, 2020.

Operating Budget vs. Actual

	Prior Actual	Current Budget	Current Actual
Revenues - Year To Date:			
Fare Revenues	$9,263,719	$696,467	$541,003
Federal - CARES Act	-	5,080,466	7,070,896
Bridge Toll Revenues	5,193,357	6,953,700	2,588,848
Contra Costa Measure J	969,382	1,196,167	1,089,180
Alameda Measure B/BB	-	520,433	-
Alameda Tax & Assessment		1,288,567	-
Other Revenues	18,675	-	-
Total Operating Revenues	**$15,445,133**	**$15,735,800**	**$11,289,928**
Expenses - Year To Date:			
Planning & Administration	$708,197	$1,000,000	$944,715
Ferry Services	14,736,936	14,735,800	10,345,214
Total Operatings Expenses	**$15,445,133**	**$15,735,800**	**$11,289,928**
System-Wide Farebox Recovery %	**63%**	**5%**	**5%**

Capital Actual and % of Total Budget

	YTD Actual	% of FY 2020/21 Budget
Revenues:		
Federal Funds	$1,124,398	
State Funds	7,357,025	
Bridge Toll Revenues	118,279	
Other Revenues	356,227	
Total Capital Revenues	**$8,955,929**	**24.11%**
Expenses:		
Total Capital Expenses	**$8,955,929**	**24.11%**

Fiscal Impact
There is no fiscal impact associated with this informational item.

END

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San Francisco Bay Area Water Emergency Transportation Authority
FY 2020/21 Statement of Revenues and Expenses
For Four Months Ending 10/31/2020

% of Year Elapsed *33%*

		Year - To - Date			Total	% of
	Oct-20 Actual	FY2019/20 Actual	FY2020/21 Budget	FY2020/21 Actual	FY2020/21 Budget	Total Budget
OPERATING EXPENSES						
FERRY OPERATIONS:						
Harbor Bay FerryService (AHBF)						
Purchased Transportation	$137,452	$743,402	$715,167	$392,698	$2,145,500	18.3%
Fuel - Diesel & Urea	-	200,507	164,233	-	492,700	0.0%
Other Direct Operating Expenses	15,787	178,012	283,900	114,979	851,700	13.5%
Admin Overhead Expense Transfer	-	37,193	42,767	-	128,300	0.0%
Total Harbor Bay	**$153,238**	**$1,159,115**	**$1,206,067**	**$507,677**	**$3,618,200**	**14.0%**
Farebox Recovery - AHBF	***0%***	***51%***	***4%***	***0%***	***4%***	
Alameda/Oakland Ferry Service (AOFS)						
Purchased Transportation	$658,652	$3,065,246	$2,555,833	$2,385,598	$7,667,500	31.1%
Fuel - Diesel & Urea	11,988	739,947	541,233	97,015	1,623,700	6.0%
Other Direct Operating Expenses	128,853	635,009	788,400	535,324	2,365,200	22.6%
Admin Overhead Expense Transfer	24,706	151,478	135,033	101,815	405,100	25.1%
Total Alameda/Oakland	**$824,199**	**$4,591,680**	**$4,020,500**	**$3,119,752**	**$12,061,500**	**25.9%**
Farebox Recovery - AOFS	***5%***	***72%***	***4%***	***4%***	***4%***	
Vallejo FerryService (Vallejo)						
Purchased Transportation	$970,306	$3,913,199	$3,404,467	$3,377,225	$10,213,400	33.1%
Fuel - Diesel & Urea	130,669	1,918,706	1,278,933	548,992	3,836,800	14.3%
Other Direct Operating Expenses	207,367	574,878	957,267	766,446	2,871,800	26.7%
Admin Overhead Expense Transfer	43,637	114,293	149,167	147,918	447,500	33.1%
Total Vallejo	**$1,351,978**	**$6,521,076**	**$5,789,833**	**$4,840,581**	**$17,369,500**	**27.9%**
Farebox Recovery - Vallejo	***8%***	***69%***	***7%***	***8%***	***7%***	
South San Francisco FerryService (SSF)						
Purchased Transportation	$109,489	$702,817	$582,267	$330,145	$1,746,800	18.9%
Fuel - Diesel & Urea	-	146,242	93,900	-	281,700	0.0%
Other Direct Operating Expenses	17,861	133,301	159,333	72,927	478,000	15.3%
Admin Overhead Expense Transfer	-	16,242	5,933	-	17,800	0.0%
Total South San Francisco	**$127,349**	**$998,602**	**$841,433**	**$403,072**	**$2,524,300**	**16.0%**
Farebox Recovery - SSF	***0%***	***40%***	***1%***	***0%***	***1%***	
Richmond FerryService (Richmond)						
Purchased Transportation	$248,771	$1,138,137	$1,129,033	$1,183,687	$3,387,100	34.9%
Fuel - Diesel & Urea	19,854	174,751	195,767	76,727	587,300	13.1%
Other Direct Operating Expenses	48,446	134,737	219,300	173,843	657,900	26.4%
Admin Overhead Expense Transfer	7,032	18,837	13,133	19,423	39,400	49.3%
Total Richmond	**$324,103**	***$1,466,463***	**$1,557,233**	**$1,453,681**	**$4,671,700**	**31.1%**
Farebox Recovery - Richmond	***3%***	***34%***	***1%***	***2%***	***1%***	
Seaplane Lagoon FerryService (SPL)						
Purchased Transportation	$0	$0	$862,433	$0	$2,587,300	0.0%
Fuel - Diesel & Urea	-	-	132,733	-	398,200	0.0%
Other Direct Operating Expenses	3,379	-	269,300	20,451	807,900	2.5%
Admin Overhead Expense Transfer	-	-	56,267	-	168,800	0.0%
Total Seaplane Lagoon	**$3,379**	***$0***	**$1,320,733**	**$20,451**	**$3,962,200**	**0.5%**
Farebox Recovery - SPL	***0%***	***0%***	***5%***	***0%***	***91%***	
Sub-Total Ferry Operations	**$2,784,246**	**$14,736,936**	**$14,735,800**	**$10,345,214**	**$44,207,400**	**23.4%**
FAREBOX RECOVERY - SYSTEMWIDE	***6%***	***63%***	***5%***	***5%***	***5%***	
PLANNING & GENERAL ADMIN:						
Wages and Fringe Benefits	$134,388	$474,545	$624,900	$575,315	$1,874,700	30.7%
Services	172,508	406,482	585,433	495,245	1,756,300	28.2%
Materials and Supplies	(7,692)	2,937	12,467	(6,881)	37,400	-18.4%
Utilities	6,416	14,959	17,633	16,890	52,900	31.9%
Insurance	-	1,046	9,333	582	28,000	2.1%
Miscellaneous	500	17,487	21,733	2,686	65,200	4.1%
Leases and Rentals	32,434	128,785	130,800	130,034	392,400	33.1%
Admin Overhead Expense Transfer	(75,375)	(338,043)	(402,300)	(269,156)	(1,206,900)	22.3%
Sub-Total Planning & Gen Admin	**$263,179**	**$708,197**	**$1,000,000**	**$944,715**	**$3,000,000**	**31.5%**
Total Operating Expenses	**$3,047,425**	**$15,445,133**	**$15,735,800**	**$11,289,928**	**$47,207,400**	**23.9%**
OPERATING REVENUES						
Fare Revenue	$161,550	$9,263,719	$696,467	$541,003	$2,089,400	25.9%
Federal Operating Assistance	2,057,812	-	5,080,466	7,070,896	15,241,400	46.4%
Regional - Bridge Toll	587,823	5,193,357	6,953,700	2,588,848	20,861,100	12.4%
Regional - Contra Costa Measure J	240,240	969,382	1,196,167	1,089,180	3,588,500	30.4%
Regional - Alameda Measure B/BB	-	-	520,433	-	1,561,300	0.0%
Regional - Alameda Tax & Assessment	-	-	1,288,567	-	3,865,700	0.0%
Other Revenue	-	18,675	-	-	-	0.0%
Total Operating Revenues	**$3,047,425**	**$15,445,133**	**$15,735,800**	**$11,289,928**	**$47,207,400**	**23.9%**

San Francisco Bay Area Water Emergency Transportation Authority
FY 2020/21 Statement of Revenues and Expenses
For Four Months Ending 10/31/2020

Project Description	Oct-20 Total	Total Project Budget	Total Prior Expense	Total FY2020/21 Budget	Total FY2020/21 Expense	Total Future Year	% of Total Project Budget Spent
CAPITAL EXPENSES:							
FACILITIES:							
Terminal Construction							
Downtown Ferry Terminal Expansion - South Basin	$410,438	$98,965,000	$94,792,877	$4,172,123	$681,936	$0	96%
Operations and Maintenance Facilities							
Ron Cowan Central Bay Operations & Maintenance Facility	1,246	64,932,400	64,348,080	584,320	5,934	-	99%
North Bay Facility Improvement - Fuel System	853	530,450	-	530,450	11,302	-	2%
Terminal Improvement							
Install Mooring Piles - Harbor Bay Terminal	308,114	446,500	59,927	386,573	340,299	-	90%
Terminal Rehabilitation - Engineering & Design Main Street	-	395,000	-	395,000	509	-	0%
Shoreside Infrastructure for All-Electric Vessel	-	4,760,000	-	2,002,000	-	2,758,000	0%
FERRY VESSELS:							
Vessel Construction							
445-Pax Expansion (Waterjet) Vessels - 2 vessels	1,586,886	46,745,000	43,324,292	3,420,708	1,586,886	-	96%
New Commuter Class High-Speed Vessels - 2 vessels	1,200,447	30,082,500	11,758,345	12,063,155	6,005,316	6,261,000	59%
Vessel Replacement - M/V Bay Breeze & MV Solano	26,370	34,600,000	251,717	9,158,283	129,218	25,190,000	1%
New All-Electric Vessel	-	4,300,000		1,834,000	-	2,466,000	0%
Vessel Rehabilitation and Refurbishment							
Vessel Engine Overhaul - M/V Argo and M/V Carina	-	240,000	125,730	114,270	-	-	52%
Vessel Engine & Reduction Gear Overhaul - MV Pisces	1,159	525,200	-	525,200	3,600	-	1%
Vessel Engine & Reduction Gear Overhaul - MV Bay Breeze	49	491,400	-	491,400	49	-	0%
Vessel Engine & Reduction Gear Overhaul - MV Peralta	-	1,400,000	-	1,400,000	118,822	-	8%
CAPITAL EQUIPMENT / OTHER:							
Purchase Service Vehicles	-	101,000	28,125	72,875	72,056	-	99%
Total Capital Expenses	**$3,535,562**	**$288,514,450**	**$214,689,094**	**$37,150,356**	**$8,955,929**	**$36,675,000**	
CAPITAL REVENUES:							
Federal Funds	$945,109	$64,819,199	$34,857,846	$9,881,250	$1,124,398	$20,080,103	56%
State Funds	2,275,970	173,006,690	139,493,840	20,645,693	7,357,025	12,867,157	85%
Regional - Bridge Toll	3,732	43,123,284	39,100,555	965,562	118,279	3,057,166	91%
Regional - Alameda Sales Tax Measure B / BB	2,637	2,489,727	16,926	1,802,228	15,928	670,573	1%
Regional - Alameda TIF / LLAD / HBBPA	308,114	446,500	59,927	386,573	340,299	-	90%
Regional - San Francisco Sales Tax Prop K	-	1,400,000	1,160,000	240,000	-	-	83%
Other - Proceeds from Sale of End-of-Life Vessels	-	3,229,050	-	3,229,050	-	-	0%
Total Capital Revenues	**$3,535,562**	**$288,514,450**	**$214,689,094**	**$37,150,356**	**$8,955,929**	**$36,675,000**	

LINDSAY HART, LLP
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Ray Bucheger

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TO: **WETA Board Members**

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

SUBJECT: **WETA Federal Legislative Board Report – December 2020**

This report covers the following topics:

1. What the Election Results Mean for WETA
   a. What the Election Means for COVID Relief
   b. What the Election Means for Economic Stimulus / Infrastructure

2. What the Lame Duck Session of Congress Means for WETA
   a. FY21 Appropriations Process
   b. National Defense Authorization Act and Emergency Relief for Maritime Transportation

<u>What the Election Results Mean for WETA</u>
While Joe Biden and Kamala Harris will be sworn in on January 20 as the next President and Vice President, respectively, they will be working with a much narrower House majority than expected thanks to a wave of unexpected losses by Democratic House candidates. This means that it will likely be more difficult for President-elect Biden to achieve many of the objectives he discussed on the campaign trail, a situation that will be made more difficult for the incoming administration if the Democratic candidates do not win both Georgia Senate special elections being held on January 5. If the Republican candidate wins just one of those two races, the Republicans will be the majority party in the Senate with control of the Senate agenda and that will affect what type of COVID relief package and infrastructure bill (economic stimulus) that Joe Biden is able to push through Congress or whether he can get Congress to take up COVID relief or economic stimulus at all.

What the Election Means for COVID Relief
It is looking increasingly unlikely that Congress will take up a COVID relief bill during the post-election lame duck session of Congress. Assuming that Congress fails to pass a COVID bill in December, it will be up to the incoming Biden administration to work with Congress to pass COVID legislation in early 2021. Whether Congress passes a COVID relief bill – and the level of funding included in any COVID relief bill – will determine whether additional funding for transit operations is made available through FTA and whether emergency funding will be available for the maritime transportation sector, including public ferry systems.

If Republicans maintain control of the Senate, any COVID relief bill will likely be limited in scope – the current Republican Senate Majority Leader has said his chamber will not pass a COVID bill that provides more than $500 million to $1 billion in funding. The more limited a COVID relief bill is, the less likely it is to contain funding for transit operations or emergency relief for maritime transportation interests (a $500 million to $1 billion likely doesn't have room for transit money or maritime transportation sector relief). The one caveat is that if the current COVID wave has a deleterious effect on the economy, there could be bipartisan and bicameral support for a larger COVID package – recall that the CARES Act was passed in March with bipartisan support given the perceived intensity of the health care and economic crisis at the time.

What the Election means for Infrastructure / Economic Stimulus
COVID relief legislation is intended to address the immediate fall-out from the health care and economic crisis caused by the COVID-19 pandemic. In other words, COVID relief is meant to keep the economy from shrinking and is not focused on future economic growth. On the latter, Joe Biden continues to say that passing a comprehensive economic stimulus bill that includes funding for infrastructure will be a top priority for his administration. Unfortunately, his ability to coerce Congress into passing a massive economic stimulus bill could be hampered by the thin Democratic majority in the House and could be derailed entirely by a Republican majority in the Senate that is driven by fiscal austerity rather than by economic stimulus.

Nonetheless, we will continue advocating for additional funding for public ferries so that we are well positioned should such an economic stimulus package move forward, including funding for the Federal Highway Administration (FHWA) ferry formula program and the Federal Transit Administration (FTA) discretionary grant program. We will specifically work to build upon funding increases we secured earlier this year in the House-passed infrastructure bill, including an increase in funding for the FHWA formula program from $80 million/year to $120 million/year and a more than doubling of funding for the FTA grant program.

Even if Congress doesn’t take up and pass an economic stimulus bill in early 2021, the Fixing America's Surface Transportation (FAST Act, which is the current surface transportation authorization which provides funding for transit, roads, bridges, and freight projects – expires on September 30 and will need to be reauthorized by then. Reauthorization of the FAST Act will provide another opportunity to seek increased funding for the FHWA and FTA ferry programs.

What the Lame Duck Session of Congress Means for WETA
The House and Senate are currently in the midst of a post-election lame duck session of Congress. While we do not expect Congress to pass a lot of meaningful legislation during the lame duck, we do anticipate Congress taking up at least two legislative packages that affect WETA:

FY21 Appropriations Process
The current Continuing Resolution (CR) expires on December 11. This means that Congress will need to pass another CR to keep the government running past that date or complete work on the 12 appropriations bills that fund federal government agencies through the end of the fiscal year which is September 30, 2021. As reported last month, the current CR includes a waiver of the so-called "Rostenkowski" rule [Sec. 9503(e)(4) of the Internal Revenue Code of 1986], which would otherwise require the Treasury secretary to withhold transit money from states and transit agencies if the amount of unfunded transit authorizations exceeds projected Highway Trust Fund receipts for the next four years. Such a waiver was needed last year to avert a $1.2 billion cut to transit programs. We expect the waiver to be extended as part of the next CR or Omnibus Appropriations bill.

National Defense Authorization Act and Emergency Relief for Maritime Transportation
As previously reported, the Maritime Transportation System Emergency Relief Act (MTSERA), which would provide the vehicle for distributing any emergency relief funding included in a COVID relief bill, is included in the House-passed National Defense Authorization Act (NDAA), which is currently being reconciled with the Senate-passed NDAA through a House-Senate conference committee.

While the NDAA has passed every year, without fail, for the past 60+ years and although we believe there is a good chance the NDAA will be signed into law in December, there is reason for pause. Here is the issue: there is a provision in the NDAA that would require the removal of the names of Confederate leaders from military facilities. This provision is supported by all Democrats and most Republicans, but it is opposed by President Trump. As a result of Trump's position on removing the names of Confederate leaders from military facilities, the White House has threatened to veto the bill if it contains the provision when it reaches the President's desk. Congressional leaders must decide whether to bow to pressure from President Trump and send him an NDAA without the provision or keep the provision in the bill risking the President following through on his threat to veto the bill and the chance of one or both chambers not being able to override the veto.

Respectfully Submitted,

Peter Friedmann and Ray Bucheger

NOSSAMAN LLP | Memorandum

TO: WETA Board of Directors

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

DATE: December 1, 2020

RE: December 2020 - Legislative Update

November 3, 2020 Election

The November 3 General Election resulted in minor changes to the WETA State Legislative Delegation due to term limits. Here is a quick summary of the results:

Assembly
District 11 – Fairfield – Jim Frazier – reelected
District 14 – Vallejo – Tim Grayson – reelected
District 15 – Richmond, Oakland, Berkeley – Buffy Wicks - reelected
District 17 – SF – David Chiu – reelected
District 18 – Alameda – Rob Bonta - reelected
District 19 – SF – Phil Ting – reelected
District 22 – South SF – Kevin Mullin – reelected

Senate
District 3 – Vallejo – Bill Dodd – reelected
District 9 – Richmond, Oakland, Berkeley, Alameda – Nancy Skinner – reelected
District 10 – Hayward – Bob Wieckowski – termed out in 2022
District 11 – SF – Scott Wiener – reelected
District 13 – South SF, San Mateo – Josh Becker elected (replaces termed out Jerry Hill)

Legislative Preview

The Legislature will reconvene for the 2021 session on Monday, December 7, 2020 at which time new members will be sworn in and new legislation can be introduced. We will monitor all new bills that are introduced and provide timely updates on any measures impacted WETA.

State Approves Emergency Workplace Safety Standards for Public and Private Employers

In November, the California Occupational Safety and Health Standards Board approved a 21-page emergency standard that outlines required prevention measures as well as how to respond to positive cases and outbreaks of various sizes in a workplace and when an employee may return to work. Public and private employers could face steeper penalties if they are found to be in violation of the standard.

State Budget Forecast Improves

In November, the Legislative Analyst announced that California could see $26 billion in one-time surplus funds that will help balance the budget next year. These funds are the result of higher than expected revenues: spending, salaries, stock market, etc. The extra funds could allow the legislature to avoid major cuts in next year's budget, but the windfall will evaporate quickly. California still faces long-term deficits driven by the coronavirus pandemic that will rise to $17 billion by 2024, according to the LAO.

Governor Issues Executive Orders on Climate Change
In September, the Governor directed the state to require that, by 2035, all new cars and passenger trucks sold in California be zero-emission vehicles. Order also directs the state to take more actions to tackle the dirtiest oil extraction and support workers and job retention and creation as we make a just transition away from fossil fuels. The executive order directs state agencies to develop strategies for an integrated, statewide rail and transit network and incorporate safe and accessible infrastructure into projects to support bicycle and pedestrian options, particularly in low-income and disadvantaged communities.

Legislative Analyst Report on COVID Impact to Transportation Funding
On September 17, the Legislative Analyst's Office released a report on COVID's impact to State Transportation Revenues. The decline in transportation revenues is due to two major factors:

- People are driving less
- Decline in fuel prices

The State Transit Assistance program is expected to face significant funding reductions in 2020-21 as a result of major declines in diesel sales tax revenues. The 2020-21 Budget Act estimates that STA funding will be $414 million in 2020-21, which is a $265 million (39 percent) year-over-year reduction. WETA's share of FY 2020-21 STA funds are anticipated to be reduced by $795,000 to $1,432,500.

CA Transit Association Funding Request - $3.1 Billion
The CA Transit Association continues to advocate for $3.1 billion in federal funding in addition to the CARES Act funding already received. Letter excerpt: "This emergency funding would address critical funding needs at transit agencies statewide, to prevent devastating permanent reductions of transit services and ensure public transportation is still a viable option for communities most in need."

CA Without Transit PR Campaign: The Transit Association also launched a PR campaign to inform lawmakers about COVID-19 funding impacts to transit agencies and to support the $3.1 billion request: https://caltransit.org/advocacy/lawmakers-must-act-to-save-local-public-transit/

Energy Commission Grant for WETA Zero-Emission Vessel Infrastructure Blueprint Plan
Several legislators have submitted support letters for WETA's Zero-Emission Vessel Infrastructure Blueprint Plan funding application to the California Energy Commission, filed on November 13, including:

Assembly Members: Bonta, Chiu, Grayson, Mullin, Wicks, Ting
Senators: Dodd, Hill, Skinner, Wieckowski, Wiener

AGENDA ITEM 5e
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Planning & Development Manager
Taylor Rutsch, Transportation Planner

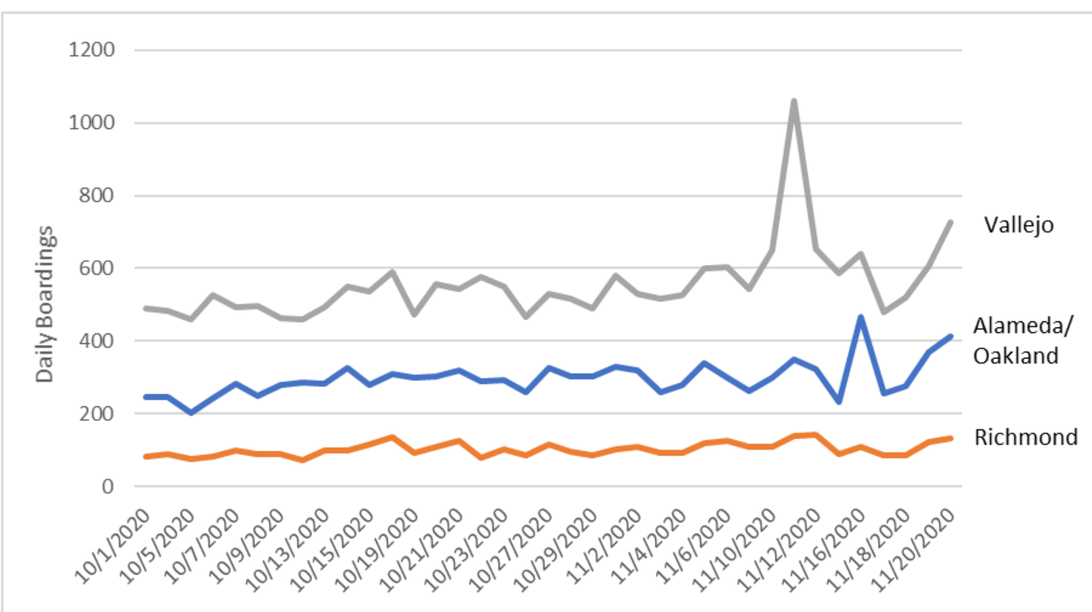
SUBJECT: Monthly Ridership and Recovery Report

Background
The WETA Ferry Service Recovery Plan (Plan) states that ferry service will restart at minimum levels to match expected reduced demand. Modifications in service will generally follow state guidelines for reopening the economy and subsequent changes in demand. The Plan calls for a monthly evaluation of ridership demand together with other measures relating to how the Bay Area is responding to the COVID-19 health crisis. The Monthly Ridership and Recovery Report presents a status report of the WETA system along with anticipated service adjustments for the upcoming weeks.

Discussion
1. Ridership and Forecasting

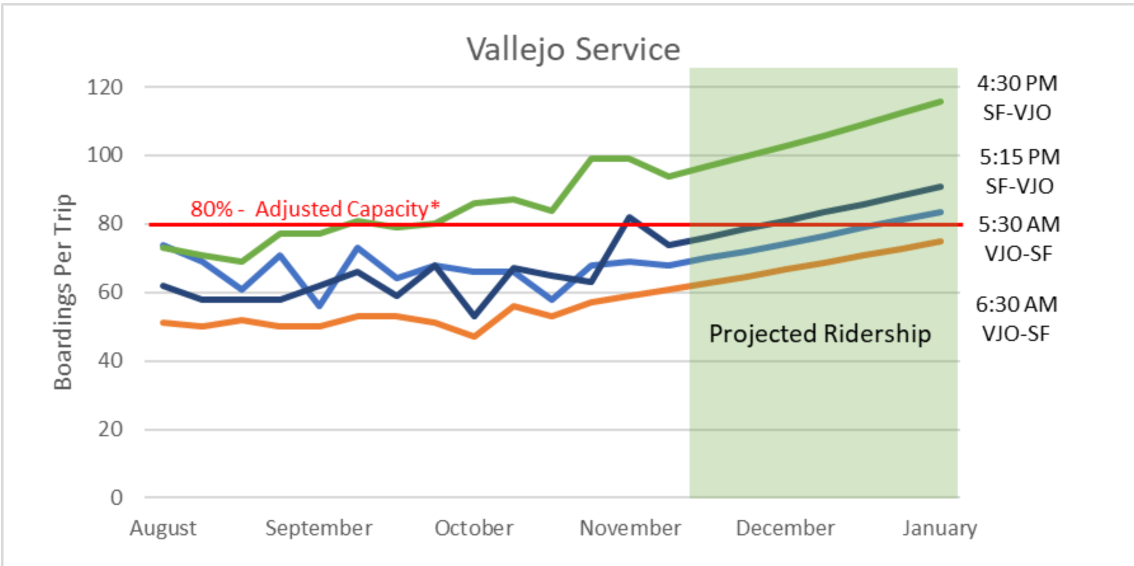
Systemwide
Systemwide average daily boardings increased 17 percent from 896 in October to 1,044 in November. Veteran's Day, November 11 was the busiest day for the system since the pandemic began.

WETA lowered maximum vessel capacities across the system to continue to accommodate for 6 feet of social distancing without forcing riders to sit outside during the winter months. However, outdoor seating is still available, allowing capacity limits to be exceeded based on the individual discretion of each captain.



Vallejo

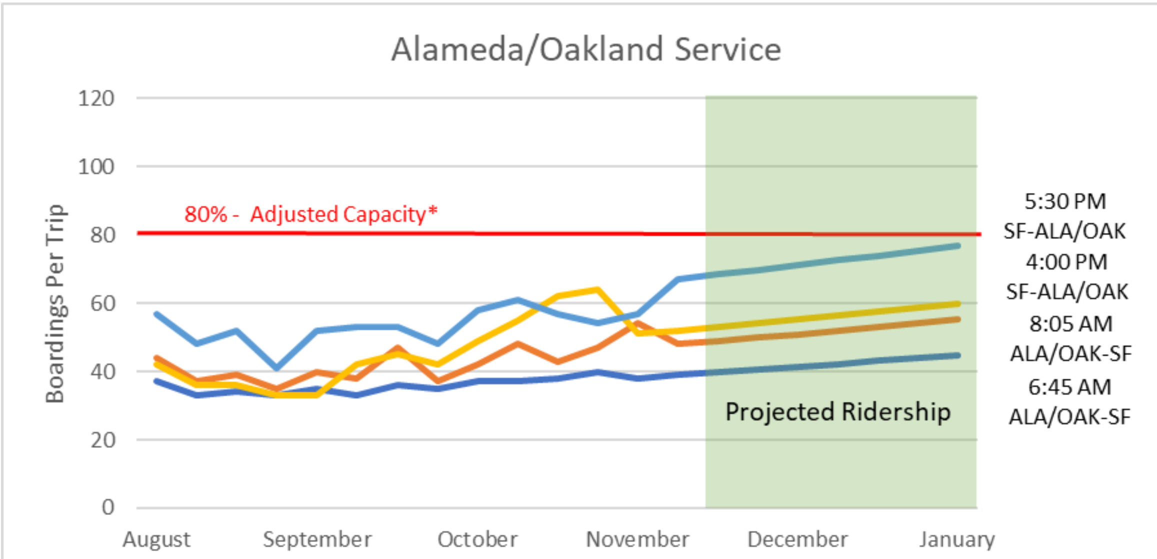
Ridership grew slightly through October and early November before seeing a significant spike on the Veteran's Day Holiday. The 4:30 pm departure from San Francisco to Vallejo continues to be the most popular departure and is already surpassing the adjusted occupancy threshold. The 5:15 pm departure has thus far served as a "backup" for the 4:30 pm trip as it is within one hour of the impacted departure. WETA's service design guidelines evaluate occupancy over the peak hour, not a single departure. However, the 5:15 pm departure is also nearing capacity limits and is projected to exceed the new cold weather capacity limit if trends continue. Vallejo ridership is projected to grow 3 percent per week, based on its rolling ridership average.



*Adjusted capacity assumes the vessels will be limited to about 25% capacity due to physical distancing requirements

Alameda/Oakland

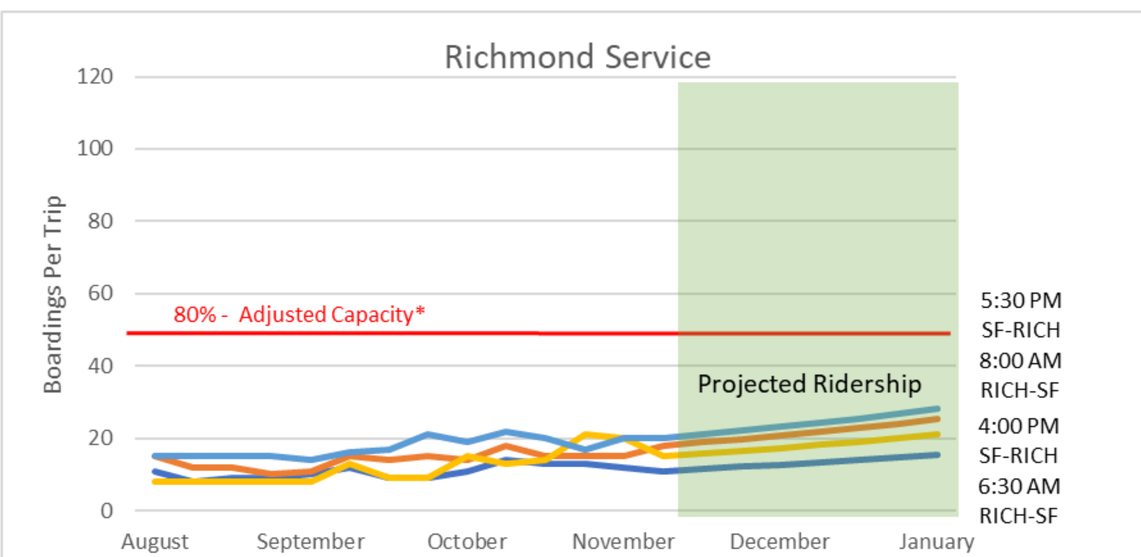
Alameda/Oakland ridership has experienced a similar pattern as Vallejo, with ridership growing slightly in October and November. The Alameda/Oakland service does not have any trips that are currently at risk of reaching the adjusted capacity threshold over the next two months. Four midday departures (two from Alameda/Oakland and two from Downtown San Francisco) were added on November 16. The 4:00 pm evening departure is nearing capacity limits and will need to be monitored into January 2021. Alameda/Oakland ridership is now projected to grow 2 percent per week, based on its rolling ridership average.



*Adjusted capacity assumes the vessels will be limited to about 25% capacity due to physical distancing requirements

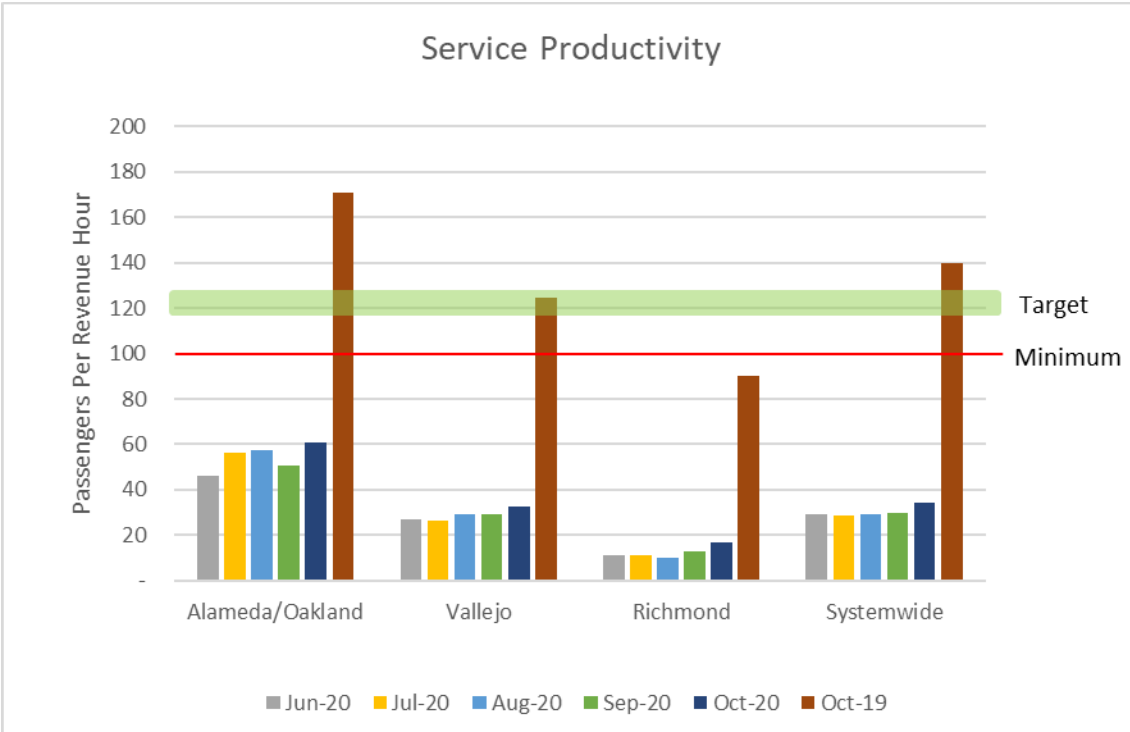
Richmond

Richmond ridership also grew slightly in October and November. However, there is not an immediate concern that capacity limits will be reached due to its lower ridership levels. Smaller vessels are currently in service in Richmond, but the terminal has the capability of receiving larger vessels such as those in the Hydrus or Pyxis classes. Richmond ridership is now projected to grow 5 percent per week, based on its rolling ridership average.

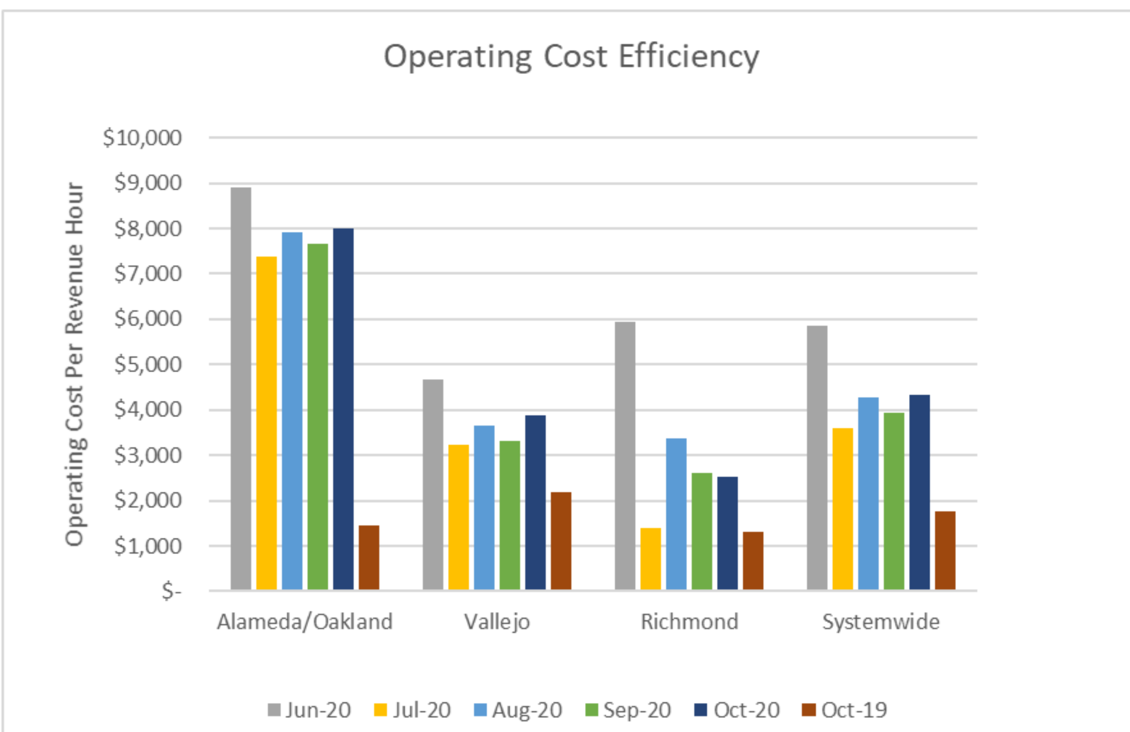


*Adjusted capacity assumes the vessels will be limited to about 25% capacity due to physical distancing requirements

2. Service Productivity and Efficiency
Systemwide passengers per revenue hour increased from 30 to 34 from September to October.



Systemwide operating cost per revenue hour decreased by 5 percent from September to October.



3. Regional Context

The table below shows how each of WETA's service areas are impacted by the coronavirus. After several weeks of positive trends, the Bay Area as a whole has regressed in state performance measures. Of note, the state has re-introduced restrictions on businesses and social gatherings, and, as of November 29, all Bay Area counties that WETA serves have been downgraded into the Purple tier.

County	14-Day Change Total (Positive Cases)	14-Day Change % (Positive Cases)	State Tier Rating
Alameda	2,819	11%	Widepsread
Contra Costa	2,481	12%	Widespread
San Francisco	1,662	13%	Widespread
San Mateo	1,507	13%	Widespread
Solano	1,140	14%	Widespread

From October to November 2020 WETA ridership grew slightly while BART dropped. Bridge traffic continues to increase. Transit ridership has lagged significantly behind bridge traffic in the Bay Area since the pandemic began.

Agency	% of normal ridership/traffic levels November 2020
WETA	12%
BART	13%
BATA Bridges (7-total)	90%

4. Outlook and Recommendations

The public responded positively to WETA's Dollar Days promotion in November, especially on holidays and some of the midday departures, and ridership increased significantly in both the Vallejo and Alameda/Oakland services. Colder weather has caused passengers to choose indoor seating over outdoor seats on vessels, which in turn has reduced the capacity of WETA's largest vessels to 100 with some allowance for additional passengers based on the discretion of individual captains. At the same time, the coronavirus is experiencing a resurgence in California and new restrictions have been put in place in all Bay Area counties that WETA serves. As a result of the increased restrictions the Dollar Days promotion was suspended on November 30th. Staff is monitoring the situation and is prepared to re-initiate the program at an appropriate time as the situation improves.

Much of the November ridership increase could be attributed to the limited openings in the economy and WETA's Dollar Days promotion. If ridership were to stay on the same trajectory, additional service would be warranted in Vallejo by mid- to-late January. However, it seems likely that ridership will contract due to increased restrictions imposed by County Health officials and the suspension of the Dollar Days promotion. For the remainder of December, staff recommends no change to the current services. However, staff will continue to monitor ridership levels in order to be prepared for Vallejo or other service increases that may be warranted in early 2021.

END

AGENDA ITEM 5f
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Thomas Hall, Public Information & Marketing Manager
Keith Stahnke, Operations & Maintenance Manager

SUBJECT: Reduced Fare Promotion Update

Recommendation
There is no recommendation associated with this informational item.

Background
In October 2020, the Board of Directors directed staff to implement a reduced fare program in November 2020 to boost ridership levels, especially among essential workers who have traditionally chosen different transportation options due to cost and to provide an incentive for families to utilize ferries to access San Francisco as it re-opened its economy and tourist destinations. The Board directed staff to price one-way adult fares at $1 on all routes and to allow youth passengers 17 years old or younger to ride free with paying adults, up to a maximum of five youth passengers per adult.

The Board further directed staff to offer the promotional fares via the Hopthru mobile ticketing platform to minimize contact between crews and passengers, to stage back-up ferry service as necessary to reduce leave-behinds on peak trips, to maintain existing commute-focused service levels, and to promote the program widely.

The promotion, dubbed “Dollar Days on the Bay,” launched on November 2. Staff provided an update on implementation and marketing of the promotion at the November meeting. At that meeting, the Board authorized staff to extend the promotion through December 2020 unless there were changed circumstances relating to the pandemic and doing so was deemed not to be beneficial.

Program Implementation and Marketing
WETA staff implemented the program as detailed at the November meeting.

Operational considerations included staging back-up crews at busier terminals to support queue management given social distancing requirements and to help streamline the ticket purchase process for passengers. Back-up crews were also deployed to provide overflow service on key trips on high ridership days. Staff also made the decision in early November to remove outdoor seating from consideration in terms of capacity limits due to colder temperatures and earlier sunsets. This change reduced maximum capacity on all vessels 10 to 15 percent from the already reduced capacity limits to ensure six feet of social distancing for passengers and crews.

On November 16, WETA reinstituted midday service on the Alameda/Oakland route, with two additional trips in each direction between the hours of 11 a.m. and 3 p.m. These trips were in place on the original reduced COVID-19 schedule instituted on March 17, 2020 but were discontinued in late April 2020 due to limited ridership. Alameda/Oakland ridership has increased since April, justifying reinstatement of these trips. Because the existing one-boat shifts can absorb the midday trips without changing crew hours or requiring overtime, the cost to reinstate the trips is minimal. The trips experienced good ridership during the final two weeks of the Dollar Days promotion. Because these trips were not added specifically for the Dollar Days promotion, it is staff's intent to continue to operate these to support general mobility and travel time flexibility on this route.

The marketing campaign plan for the fare promotion was executed beginning on October 23 and continued through November. In the interest of timing and cost, staff focused on three key channels for outreach to promote the program: paid digital advertising, media relations, and partner outreach.

The paid digital advertising element proved to be an efficient method to get the word out and showed great excitement among the public for steeply discounted ferry fares. The social media element of the campaign conducted on Instagram and Facebook from November 1 through November 23 resulted in 180,000 impressions and 5,500 clicks to the Dollar Days landing page on the San Francisco Bay Ferry website, marking WETA's most successful social media campaign to date. Data on the digital news site ad campaign will be available at the meeting.

The media relations and partner outreach were also successful. The Dollar Days promotion was mentioned on KRON-TV, ABC 7 and KCBS Radio newscasts and several local news websites, including the Vallejo Times-Herald. Staff reached out to roughly three dozen partners throughout the WETA service area to request promotion of the Dollar Days program and received an enthusiastic response. This effort helped spread the word in a cost- and time-efficient way.

The success of the marketing campaign is evident in the ridership increase in November.

Ridership Impacts

From March 17 through the end of October 2020, total daily boardings on the ferry system had exceeded 1,000 on just three days. Daily boardings exceeded 1,000 on 13 days in November during the Dollar Days campaign. The ferry system experienced its 12 highest days of ridership since the March service decrease in November. Average systemwide daily ridership increased from 896 passengers in October to 1,137 passengers in November, an increase of 27 percent. All routes experienced increases in average daily boardings, including Richmond, which does not have any departures that would be considered off-peak.

In typical years, ferry ridership decreases from October to November due to changing weather conditions and earlier sunset times. Indeed, cooler temperatures arrived in early November. Two of the three lowest ridership days in November occurred on days in which the Bay Area experienced widespread rain. (The other lower ridership day was November 3, or Election Day.) It is notable that ridership increased as much as it did in spite of conditions that typically result in ridership decreasing in November.

The bulk of the increased ridership fell outside the bounds of the core morning commute. While this prevented any pressure on early commute trips, it did increase pressure on evening commute departures as both commuters and recreational travelers tend to use key return trips scheduled between 4 p.m. and 6 p.m. The Vallejo-bound departures from San Francisco at 4:30

p.m. and 5:15 p.m. were impacted consistently, as expected. The 4:30 p.m. departure was at or near capacity every day in November.

Passenger Response

Overall, passenger response to the Dollar Days promotion has been positive. Staff conducted an opt-in passenger input survey at the end of the promotional period and will share results during the December meeting.

Great care was taken to ensure increased ridership would have limited impact on essential workers who have been commuting via ferry throughout the COVID-19 crisis. This resulted in back-up overflow vessels being deployed in certain circumstances to ensure those unable to board their departure due to capacity issues did not have to wait an unreasonable amount of time for the next departure.

Staff worked closely with Blue & Gold Fleet staff to ensure considerations were made for passengers without smartphones or credit cards and to ensure those who had already procured Vallejo monthly passes for November via employer programs were satisfied with our solutions.

Among the most encouraging responses was the overwhelmingly positive response to the mobile ticketing experience using smartphones. Feedback from crews indicated that many regular passengers enjoyed being able to pay discounted fares using their phones. Payment via Hopthru has been accepted on San Francisco Bay Ferry since November 2018 but only the full cash fares have previously been available via the app. This bodes well for the next generation of the Clipper fare payment method which will include a mobile payment application.

Decision to Suspend Program in December

On November 16, increases in local COVID-19 cases resulted in Alameda, Contra Costa and Solano counties to shift into the most restrictive (purple) tier in the state's recovery blueprint. San Francisco, which began November in the least restrictive (yellow) tier, was moved to the second most restrictive (red) tier on November 16. This move led to non-essential offices in the city being closed and ended indoor dining. San Francisco's public health officer warned that he anticipated that San Francisco would be moved to the most restrictive (purple) tier sometime in the week of November 23.

In light of these changes, and given the success of the promotion in boosting ridership, particularly in patterns that suggested recreational use of the ferry, the Executive Director engaged Chair Wunderman and Director DelBono on November 25 about the possibility of suspending the Dollar Days on the Bay promotion at the end of November. Continuing to encourage non-essential travel through the Bay Area through steeply discounted fares would not be consistent with public health messaging from the state and local government officials.

Chair Wunderman and Director DelBono agreed that the promotion should be suspended until public health circumstances improved but encouraged resumption when feasible. Staff will continue to monitor regional recovery planning and bring back a plan to resume the promotion when appropriate and subject to the Board's direction.

Pivot to Clipper START

In fortunate timing, the second phase of the regional Clipper START program launched on November 23, with San Francisco Bay Ferry now included. This program, which the Board agreed to join in October 2020, offers discounted transit fares to qualifying lower-income Bay Area residents.

The Metropolitan Transportation Commission (MTC) launched its advertising campaign for the second phase on November 30. Another phase launch with additional regional advertising is on track for January 2021. Staff has begun implementing its outreach plan as described to the Board in October 2020.

END

AGENDA ITEM 6a
MEETING: December 10, 2020

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

(November 5, 2020)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session via videoconference consistent with California Governor Gavin Newsom's Executive Orders N-25-20 and N-29-20 to ensure social distancing and help mitigate the transmission of COVID-19.

1. CALL TO ORDER

Chair James Wunderman called the meeting to order at 1:31 p.m. He welcomed directors, staff, and meeting guests and noted that the meeting was being recorded. Chair Wunderman advised guests about offering public comment and how guests could sign up to speak throughout the meeting.

2. ROLL CALL

Chair Wunderman, Director Jessica Alba, Director Jeffrey DelBono, Director Anthony Intintoli, and Director Monique Moyer were in attendance.

3. REPORT OF BOARD CHAIR

Chair Wunderman reported that the Metropolitan Transportation Commission (MTC) Blue Ribbon Transit Recovery Task Force (Task Force) that includes nine heads of transit is focused on getting people back on a better transit system that is more cohesive, connected, and responsive but that doing so requires funding. He said that it was important to continually message that transit systems are safe.

He noted that Measure RR passed creating dedicated funding in the amount of a one-eighth percent sales tax in San Francisco, San Mateo, and Santa Clara counties to fund Caltrain operations and capital improvements and added that he hoped a stimulus package would come out of Washington to fund transportation and infrastructure.

4. REPORTS OF DIRECTORS

Director Moyer reported that her employer, CBRE Global Workplace Solutions, had hosted a workshop which included panelists Bay Area Council Senior Vice President Gwendolyn Litvak, SPUR Chief Policy Officer Nick Josefowitz, and CBRE Tech Insights Center Executive Director Colin Yasukochi to talk about the MTC Plan Bay Area 2050 (Plan) and the impacts of the telecommute policy on the economy. She hoped that other modes of transportation besides single-occupancy vehicles be accounted for in the Plan to help reach the overall air quality goals.

Director Alba said that she had the pleasure of riding the ferry together with Director Moyer, Executive Director Rannells, Operations & Maintenance Manager Keith Stahnke, and Steven Miller from Hanson Bridgett LLP on a roundtrip from San Francisco to Alameda/Oakland and expressed her appreciation of the crew members, essential workers, and everyone who relies on public transit and the safety measures taken.

Chair Wunderman said he participated in meeting that included MTC staff, Task Force members, local Mayors, and others to talk about opposing the 60 percent work from home mandate and replacing the mandate with a new plan to obtain the 19 percent baseline reduction in greenhouse gas (GHG) emissions required by the California Air Resources Board (CARB) which affects transportation funding, adding that many reduction measures have already been claimed by CARB and will not count towards the region's GHG reduction requirement.

5. REPORTS OF STAFF

Executive Director Nina Rannells provided five written reports to Directors and highlighted three major changes which had occurred since the last meeting. She happily reported that WETA will achieve its Disadvantaged Business Enterprise (DBE) goal for the replacement of the MV *Bay Breeze* and MV *Solano.* She said that Mavrik Marine Inc's (Mavrik) subcontractor, Blackfish Solutions, LLC, had received California DBE certification since the contract award. She added that Mavrik would work hard to determine if other DBE opportunities existed.

Ms. Rannells noted that the Harbor Bay Fender Piling installation project that was awarded to Power Engineering Construction Company in July had been completed in mid-October during the permitted in-water work window.

Ms. Rannells stated that the California Supreme Court (Court) has agreed to hear the Regional Measure 3 (RM3) case but will defer its review until it makes a ruling on the pending *Zolly v. City of Oakland* (Zolly) case. WETA General Counsel Madeline Chun from Hanson Bridgett LLP added that she expected that the delay would be at least 12 to 15 months, possibly longer, until the Zolly case challenging waste franchise fees using city property as improper tax has been decided. Ms. Chun said that from there, the Court could remand the case back to the Court of Appeal or be fully briefed and review the case. Ms. Chun said that issues regarding taxes and what type of vote was required has been brewing for a long time. She said that it is possible that the Court wanted there to be consistency in the thought and analysis on these issues.

Ms. Rannells noted that WETA is currently spending under its adjusted budget and that farebox remained low at 5 percent.

Ms. Rannells invited Planning & Development Manager Kevin Connolly to provide an update on the Monthly Ridership and Recovery Report. Mr. Connolly said the most significant news was that traffic on the Bay Bridge was back to 90 percent of pre-pandemic levels. He shared some charts showing capacity on various trips and that there was no need for any adjustments at this time. He noted that San Francisco had moved into the yellow category which would allow for increased capacity on transit.

In response to a question from Chair Wunderman as to how the service operations staff is doing, Operations & Maintenance Manager Keith Stahnke said that crews were positive and in good spirits having maintained employment throughout the pandemic adding that the boats were well maintained and that the additional riders were appreciated in response to Chair Wunderman.

Ms. Chun said she had participated in the Dollar Day promotion purchasing a ticket through the Hopthru application.

Director Moyer thanked the project team for inclusion of a DBE contractor on the Mavrik contract, noting with great enthusiasm that this was a first on a WETA vessel construction contract and for completing the Harbor Bay fender piling installation within the permitted work window.

In response to a question from Director Moyer as to why no Alameda Measure B/BB funds were being utilized to fund the operating budget to date, Ms. Rannells explained that WETA draws down use-it-or-lose-it monies, such as RM2, first during the year to cover operating expenses prior to utilizing more flexible money that can be carried over from year to year, such as Alameda Measure B/BB funds.

6. <u>CONSENT CALENDAR</u>
Director DelBono made a motion to approve the consent calendar:

a. Board Meeting Minutes – October 8, 2020

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

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

Yeas: Alba, DelBono, Intintoli, Moyer, Wunderman. Nays: None.

7. <u>APPROVE BOARD OF DIRECTORS MEETING SCHEDULE FOR CALENDAR YEAR 2021</u>
Chair Wunderman presented this item recommending approval of the Board of Directors meeting schedule for calendar year 2021 which will be conducted through virtual participation to promote social distancing and reduce the chance of COVID-19 transmission consistent with Governor Gavin Newsom's Executive Order N-25-20 and may be amended in response to WETA's business needs and as the COVID-19 pandemic evolves.

Board Secretary/Administration & Business Services Manager Melanie Jann added that all meetings were scheduled for the first Thursday of the month with the exception of January and December which were on the second Thursday of the month.

Director Intintoli made a motion to approve the item.

Chair Wunderman called for public comments and there were none.

Director Moyer seconded the motion and the item passed unanimously.

Yeas: Alba, DelBono, Intintoli, Moyer, Wunderman. Nays: None.

8. <u>NOVEMBER 2020 REDUCED FARE PROMOTION PROGRAM UPDATE</u>
Public Information & Marketing Manager Thomas Hall provided the Board with an overview of the Dollar Days promotion including information on program outreach, advertising and media campaigns, implementation, passenger surveys, timeline, and next steps on the program since the launch on October 23.

Mr. Hall said that Clipper START would be launching in late November and hoped that new lower income commuters would pivot and be able to take advantage of the savings.

Ms. Rannells stated that the program has only been promoted for the month of November as authorized by the Board and that staff was not recommending continuing the program beyond November at this time.

Director Intintoli expressed concern about the added financial implications. Ms. Rannells responded that actual costs were uncertain, because it was unknown how much back-up service might be needed, but said that new service costs would be limited to the cost of fuel since the cost of staff is already covered. She hoped that WETA would have another opportunity to offer future promotions when there was more service available and WETA could potentially use the Clipper mobile application which should be better able to accommodate promotions.

Director DelBono thanked the staff for their work and the detailed information provided. He said that he would like the program to continue into December but would leave it up to staff to determine whether it was beneficial to continue the program into December considering the state of the pandemic.

Chair Wunderman reminded everyone that only a 24-hour notice was required if a special meeting needed to be called.

Director DelBono offered a motion to authorize staff to continue the reduced fare program into December unless staff sees something – a changed condition in light of the pandemic - that would prevent the program from moving forward.

Director Alba expressed her support for extending the program into December, if possible.

Chair Wunderman called for public comments and there were none. He added that he and Ms. Rannells had met with Contra Costa County Supervisor John Gioia who offered to help promote the program.

Director Intintoli seconded the motion and the item passed unanimously.

Yeas: Alba, DelBono, Intintoli, Moyer, Wunderman. Nays: None.

9. RECEIVE REDWOOD CITY FERRY FINANCIAL FEASIBILITY STUDY & COST-BENEFIT AND ECONOMIC IMPACT ANALYSES REPORT

Mr. Connolly opened the item by acknowledging project team members, former City of Redwood City Project Manager Christopher Dacumos, City of Redwood City Senior Transportation Coordinator Jessica Manzi, and Redwood City Port Commission Chair Lorianna Kastrop and Executive Director Kristine Zortman. He recognized consultants CDM Vice President Bill Hurrell and Transportation Planner/Project Manager Sean Reilly Vienna and subconsultant Economic & Planning Systems (EPS) Principal Ashleigh Kanat.

Mr. Connolly invited Mr. Hurrell and Ms. Kanat to share their presentation covering the purpose of the study and the five basic area of feasibility - consistency, operations, engineering, financial, and economics – including site and service options. Mr. Hurrell added that in addition to EPS, subconsultants COWI North America, Inc. (COWI) and PlaceWorks, Inc. who were responsible for developing the terminal concept plans and doing public outreach, respectively.

Mr. Hurrell said public outreach for the study included both virtual and in person pre-pandemic meetings with individual stakeholders, major employers in the area, the Redwood City - San Mateo County Chamber of Commerce, and water users.

Director Intintoli asked if the employers had intended to subsidize the cost. Chair Wunderman said that a new strategy for MTC's Plan is requiring employers to get their employees to work by some other means than driving and ferry service would be an option.

Mr. Hurrell finished up the presentation with recommendations and next steps with a timeline for the launching of ferry service in 2024.

Chair Wunderman thanked Mr. Hurrell and Ms. Kanat for their presentation.

Ms. Rannells said the action on the item was to accept the study and authorize staff to move forward and work on the required Business Plan with its project partners.

PUBLIC COMMENT
Redwood Creek recreational boater Susan Rowinski shared her experiences of wake wash and the safety issues it could create and asked for developing mitigation steps to protect recreational water users.

PUBLIC COMMENT
Citizens Committee to Complete the Refuge Co-Chair Gail Raabe provided comment on private ferry operations and real estate development and environmental impacts.

PUBLIC COMMENT
Ms. Zortman supported the project and thanked the Board for pursuing Redwood City ferry service. She reminded the Board that the Federal Emergency Management Agency (FEMA) designated the area as a staging area for first responders in 2017 because $17 million was invested in one of their wharfs to accommodate sea level rise and a significant earthquake. This project will further strengthen the Port and provide access in an emergency.

Director Intintoli made a motion to accept the item.

Director Alba expressed her support of the project and looked forward to seeing the next steps.

In response to a question from Director Moyer regarding sea level rise, Mr. Hurrell said that adaptability to sea level rise was not thoroughly covered in the feasibility study but would need to be addressed in more detail if the project moves forward during the environmental review. Mr. Connolly added that the San Francisco Bay Conservation & Development Commission (BCDC) will require detailed information on sea level rise and that the study was just to determine initial feasibility.

Ms. Rannells noted that WETA's contract operator, Blue & Gold Fleet (Blue & Gold) has been operating ferry service on the bay for a long time and are respectful of other users and that integrating ferry service into the Port area to safely operate in cooperation with other users would be an important part of the project development and implementation.

PUBLIC COMMENT
Ms. Zortman added that the Federal Emergency Management Agency (FEMA) designated the area as a staging area in 2017 because $17 million was invested to accommodate a 3 to 5 feet sea level rise and withstand a major earthquake.

Director Alba noted that safe accessibility be considered in the landside infrastructure development.

Director Alba seconded the motion and the item passed unanimously.

Yeas: Alba, DelBono, Intintoli, Moyer, Wunderman. Nays: None.

10. PUBLIC COMMENTS FOR NON-AGENDA ITEMS
Chair Wunderman said the closed session was not needed and called for public comments on non-agenda items and there were none.

With all business concluded, Chair Wunderman adjourned the meeting at 3:46 p.m.

- Board Secretary

END

AGENDA ITEM 7
RECESS INTO CLOSED SESSION

AGENDA ITEM 8
REPORT OF ACTIVITY IN CLOSED SESSION

NO MATERIALS

AGENDA ITEM 9
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

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

SUBJECT: Receive the Independent Auditors' Reports for the Fiscal Year Ending June 30, 2020

Recommendation
Receive the Independent Auditors' Annual Financial Reports for the fiscal year ending June 30, 2020, as submitted by Maze & Associates, including the following:

A. Memorandum on Internal Control and Required Communications;
B. Basic Financial Statements;
C. Single Audit Report;
D. Measure B Fund Financial Statements; and
E. Measure BB Fund Financial Statements.

Background
Section 106.6 of the WETA Administrative Code requires the preparation of annual audit reports by an independent auditor consistent with California Government Code Section 66540.54. WETA has contracted with Maze & Associates (Maze), through a competitive procurement process, to perform this independent audit work.

Discussion
The Independent Auditors' Reports for the fiscal year ending June 30, 2020, issued by Maze and provided for Board acceptance, are comprised of the following:

Memorandum on Internal Control and Required Communications
The Memorandum on Internal Control and Required Communications, provided as ***Attachment A,*** communicates such topics as the auditor's responsibilities under generally accepted auditing standards, overview of the planned scope of the audit and significant findings from the audit. In accordance with Statement of Auditing Standards No. 114 (*The Auditor's Communication with Those Charged with Governance),* the independent auditors are required to communicate significant findings and issues related to an audit. Maze did not identify any deficiencies in internal controls that were considered to be material weaknesses during the audit.

Basic Financial Statements
The Basic Financial Statements are provided as ***Attachment B*** to this report. These statements include an Independent Auditor's Report, Management Discussion and Analysis, Basic Financial Statements and Required Supplementary Information for the year ending June 30, 2020. The Independent Auditor's Report provides the opinion that WETA's basic financial statements present fairly in all material respects the respective financial position of the business-type activities of the agency as of June 30, 2020, and the respective changes in financial position and cash flows for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

Single Audit Report
The Single Audit Report, provided as ***Attachment C***, is a required examination of an entity that expends $750,000 or more of federal awards in a single year. This report includes a schedule of expenditures of federal awards and a report on internal controls and compliance related to the federal expenditures. Maze has audited the compliance of WETA with respect to the types of compliance requirements described in *OMB Compliance Supplement* that are applicable to each of the major federal programs providing funding. It is Maze's opinion that WETA complied, in all material respects, with the types of compliance requirements applicable to the federal program for the year ended June 30, 2020.

Measure B and Measure BB Fund Financial Statements
The Measure B (MB) and Measure BB (MBB) Fund Financial Statements, provided as ***Attachment D*** and ***Attachment E,*** respectively, are required of WETA in relation to the receipt of Alameda County MB and MBB funds in FY 2019/20. These reports include the financial statements for WETA's MB and MBB funds and compliance opinion of the funds received and used. Maze has audited the compliance of WETA with respect to requirements related to these funds as specified in the Master Programs Funding Agreements between WETA and the Alameda County Transportation Commission. It is Maze's opinion that WETA is in compliance with the laws and regulations, contracts, and grant requirements related to MB and MBB funds for the year ended June 30, 2020.

David Alvey, partner at Maze & Associates, will be in attendance at the meeting to provide an overview and answer any questions related to the audit reports.

Fiscal Impact
There is no fiscal impact associated with the receipt of these audit reports.

END

Attachment A

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2020

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS

For The Year Ended June 30, 2020

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MAZE & ASSOCIATES

MEMORANDUM ON INTERNAL CONTROL

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

In planning and performing our audit of the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2020, in accordance with auditing standards generally accepted in the United States of America, we considered the Authority's internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control was for the limited purpose described in the first paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses. In addition, because of inherent limitations in internal control, including the possibility of management override of controls, misstatements due to error or fraud may occur and not be detected by such controls. Given these limitations during our audit, we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Included in the Schedule of Other Matters are recommendations not meeting the above definitions that we believe are opportunities for strengthening internal controls and operating efficiency.

This communication is intended solely for the information and use of management, Board of Directors, others within the organization, and agencies and pass-through entities requiring compliance with *Government Auditing Standards,* and is not intended to be and should not be used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 13, 2020

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

The following comment represents new pronouncements taking effect in the next few years. We have cited them here to keep you abreast of developments:

EFFECTIVE FISCAL YEAR 2020/21:

GASB 84 – ***Fiduciary Activities***

The objective of this Statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported.

This Statement establishes criteria for identifying fiduciary activities of all state and local governments. The focus of the criteria generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. Separate criteria are included to identify fiduciary component units and postemployment benefit arrangements that are fiduciary activities.

An activity meeting the criteria should be reported in a fiduciary fund in the basic financial statements. Governments with activities meeting the criteria should present a statement of fiduciary net position and a statement of changes in fiduciary net position. An exception to that requirement is provided for a business-type activity that normally expects to hold custodial assets for three months or less.

This Statement describes four fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

A fiduciary component unit, when reported in the fiduciary fund financial statements of a primary government, should combine its information with its component units that are fiduciary component units and aggregate that combined information with the primary government's fiduciary funds.

This Statement also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets.

SCHEDULE OF OTHER MATTERS

GASB 90 – *Majority Equity Interests—an amendment of GASB Statements No. 14 and No. 61)*

The primary objectives of this Statement are to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. It defines a majority equity interest and specifies that a majority equity interest in a legally separate organization should be reported as an investment if a government's holding of the equity interest meets the definition of an investment. A majority equity interest that meets the definition of an investment should be measured using the equity method, unless it is held by a special-purpose government engaged only in fiduciary activities, a fiduciary fund, or an endowment (including permanent and term endowments) or permanent fund. Those governments and funds should measure the majority equity interest at fair value.

For all other holdings of a majority equity interest in a legally separate organization, a government should report the legally separate organization as a component unit, and the government or fund that holds the equity interest should report an asset related to the majority equity interest using the equity method. This Statement establishes that ownership of a majority equity interest in a legally separate organization results in the government being financially accountable for the legally separate organization and, therefore, the government should report that organization as a component unit.

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis.

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2021/22:

GASB 87 – ***Leases***

The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

A lease is defined as a contract that conveys control of the right to use another entity's nonfinancial asset (the underlying asset) as specified in the contract for a period of time in an exchange or exchange-like transaction. Examples of nonfinancial assets include buildings, land, vehicles, and equipment. Any contract that meets this definition should be accounted for under the leases guidance, unless specifically excluded in this Statement.

GASB 89 – ***Accounting for Interest Cost Incurred before the End of a Construction Period***

The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period.

This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund.

This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

SCHEDULE OF OTHER MATTERS

GASB 92 – *Omnibus 2020*

The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about the following:

- The effective date of Statement No. 87, Leases, and Implementation Guide No. 2019-3, Leases, for interim financial reports
- Reporting of intra-entity transfers of assets between a primary government employer and a component unit defined benefit pension plan or defined benefit other postemployment benefit (OPEB) plan
- The applicability of Statements No. 73, Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB Statement 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended, and No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, as amended, to reporting assets accumulated for postemployment benefits
- The applicability of certain requirements of Statement No. 84, Fiduciary Activities, to postemployment benefit arrangements
- Measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition
- Reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers
- Reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature
- Terminology used to refer to derivative instruments.

GASB 97 – *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans—An Amendment of GASB Statements No. 14 and No. 84, and a Supersession of GASB Statement No. 32*

The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

This Statement requires that for purposes of determining whether a primary government is financially accountable for a potential component unit, except for a potential component unit that is a defined contribution pension plan, a defined contribution OPEB plan, or an other employee benefit plan (for example, certain Section 457 plans), the absence of a governing board should be treated the same as the appointment of a voting majority of a governing board if the primary government performs the duties that a governing board typically would perform.

This Statement also requires that the financial burden criterion in paragraph 7 of Statement No. 84, Fiduciary Activities, be applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through trusts that meet the criteria in paragraph 3 of Statement No. 67, Financial Reporting for Pension Plans, or paragraph 3 of Statement No. 74, Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans, respectively.

This Statement (1) requires that a Section 457 plan be classified as either a pension plan or an other employee benefit plan depending on whether the plan meets the definition of a pension plan and (2) clarifies that Statement 84, as amended, should be applied to all arrangements organized under IRC Section 457 to determine whether those arrangements should be reported as fiduciary activities.

This Statement supersedes the remaining provisions of Statement No. 32, Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans, as amended, regarding investment valuation requirements for Section 457 plans. As a result, investments of all Section 457 plans should be measured as of the end of the plan's reporting period in all circumstances.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

EFFECTIVE FISCAL YEAR 2022/23:

GASB 91 – *Conduit Debt Obligations*

The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures.

A conduit debt obligation is defined as a debt instrument having *all* of the following characteristics:

- There are at least three parties involved:
  (1) an issuer
  (2) a third-party obligor, and
  (3) a debt holder or a debt trustee.
- The issuer and the third-party obligor are not within the same financial reporting entity.
- The debt obligation is not a parity bond of the issuer, nor is it cross-collateralized with other debt of the issuer.
- The third-party obligor or its agent, not the issuer, ultimately receives the proceeds from the debt issuance.
- The third-party obligor, not the issuer, is primarily obligated for the payment of all amounts associated with the debt obligation (debt service payments).

All conduit debt obligations involve the issuer making a limited commitment. Some issuers extend additional commitments or voluntary commitments to support debt service in the event the third party is, or will be, unable to do so.

An issuer should not recognize a conduit debt obligation as a liability. However, an issuer should recognize a liability associated with an additional commitment or a voluntary commitment to support debt service if certain recognition criteria are met. As long as a conduit debt obligation is outstanding, an issuer that has made an additional commitment should evaluate at least annually whether those criteria are met. An issuer that has made only a limited commitment should evaluate whether those criteria are met when an event occurs that causes the issuer to reevaluate its willingness or ability to support the obligor’s debt service through a voluntary commitment.

This Statement also addresses arrangements—often characterized as leases—that are associated with conduit debt obligations. In those arrangements, capital assets are constructed or acquired with the proceeds of a conduit debt obligation and used by third-party obligors in the course of their activities. Payments from third-party obligors are intended to cover and coincide with debt service payments. During those arrangements, issuers retain the titles to the capital assets. Those titles may or may not pass to the obligors at the end of the arrangements.

Issuers should not report those arrangements as leases, nor should they recognize a liability for the related conduit debt obligations or a receivable for the payments related to those arrangements. In addition, the following provisions apply:

- If the title passes to the third-party obligor at the end of the arrangement, an issuer should not recognize a capital asset.

- If the title does not pass to the third-party obligor and the third party has exclusive use of the entire capital asset during the arrangement, the issuer should not recognize a capital asset until the arrangement ends.

- If the title does not pass to the third-party obligor and the third party has exclusive use of only portions of the capital asset during the arrangement, the issuer, at the inception of the arrangement, should recognize the entire capital asset and a deferred inflow of resources. The deferred inflow of resources should be reduced, and an inflow recognized, in a systematic and rational manner over the term of the arrangement.

This Statement requires issuers to disclose general information about their conduit debt obligations, organized by type of commitment, including the aggregate outstanding principal amount of the issuers' conduit debt obligations and a description of each type of commitment. Issuers that recognize liabilities related to supporting the debt service of conduit debt obligations also should disclose information about the amount recognized and how the liabilities changed during the reporting period.

SCHEDULE OF OTHER MATTERS

GASB 94 – ***Public-Private and Public-Public Partnerships and Availability Payment Arrangements***

The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. Some PPPs meet the definition of a service concession arrangement (SCA), which the Board defines in this Statement as a PPP in which (1) the operator collects and is compensated by fees from third parties; (2) the transferor determines or has the ability to modify or approve which services the operator is required to provide, to whom the operator is required to provide the services, and the prices or rates that can be charged for the services; and (3) the transferor is entitled to significant residual interest in the service utility of the underlying PPP asset at the end of the arrangement.

This Statement also provides guidance for accounting and financial reporting for availability payment arrangements (APAs). As defined in this Statement, an APA is an arrangement in which a government compensates an operator for services that may include designing, constructing, financing, maintaining, or operating an underlying nonfinancial asset for a period of time in an exchange or exchange-like transaction.

PPPs – This Statement requires that PPPs that meet the definition of a lease apply the guidance in Statement No. 87, Leases, as amended, if existing assets of the transferor that are not required to be improved by the operator as part of the PPP arrangement are the only underlying PPP assets and the PPP does not meet the definition of an SCA. This Statement provides accounting and financial reporting requirements for all other PPPs: those that either (1) meet the definition of an SCA or (2) are not within the scope of Statement 87, as amended (as clarified by this Statement). The PPP term is defined as the period during which an operator has a noncancelable right to use an underlying PPP asset, plus, if applicable, certain periods if it is reasonably certain, based on all relevant factors, that the transferor or the operator either will exercise an option to extend the PPP or will not exercise an option to terminate the PPP.

A transferor generally should recognize an underlying PPP asset as an asset in financial statements prepared using the economic resources measurement focus. However, in the case of an underlying PPP asset that is not owned by the transferor or is not the underlying asset of an SCA, a transferor should recognize a receivable measured based on the operator's estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, a transferor should recognize a receivable for installment payments, if any, to be received from the operator in relation to the PPP. Measurement of a receivable for installment payments should be at the present value of the payments expected to be received during the PPP term. A transferor also should recognize a deferred inflow of resources for the consideration received or to be received by the transferor as part of the PPP. Revenue should be recognized by a transferor in a systematic and rational manner over the PPP term.

This Statement requires a transferor to recognize a receivable for installment payments and a deferred inflow of resources to account for a PPP in financial statements prepared using the current financial resources measurement focus. Governmental fund revenue would be recognized in a systematic and rational manner over the PPP term.

This Statement also provides specific guidance in financial statements prepared using the economic resources measurement focus for a government that is an operator in a PPP that either (1) meets the definition of an SCA or (2) is not within the scope of Statement 87, as amended (as clarified in this Statement). An operator should report an intangible right-to-use asset related to an underlying PPP asset that either is owned by the transferor or is the underlying asset of an SCA. Measurement of the right-to-use asset should be the amount of consideration to be provided to the transferor, plus any payments made to the transferor at or before the commencement of the PPP term, and certain direct costs. For an underlying PPP asset that is not owned by the transferor and is not the underlying asset of an SCA, an operator should recognize a liability measured based on the estimated carrying value of the underlying PPP asset as of the expected date of the transfer in ownership. In addition, an operator should recognize a liability for installment payments, if any, to be made to the transferor in relation to the PPP. Measurement of a liability for installment payments should be at the present value of the payments expected to be made during the PPP term. An operator also should recognize a deferred outflow of resources for the consideration provided or to be provided to the transferor as part of the PPP. Expense should be recognized by an operator in a systematic and rational manner over the PPP term.

This Statement also requires a government to account for PPP and non-PPP components of a PPP as separate contracts. If a PPP involves multiple underlying assets, a transferor and an operator in certain cases should account for each underlying PPP asset as a separate PPP. To allocate the contract price to different components, a transferor and an operator should use contract prices for individual components as long as they do not appear to be unreasonable based on professional judgment or use professional judgment to determine their best estimate if there are no stated prices or if stated prices appear to be unreasonable. If determining the best estimate is not practicable, multiple components in a PPP should be accounted for as a single PPP.

This Statement also requires an amendment to a PPP to be considered a PPP modification, unless the operator's right to use the underlying PPP asset decreases, in which case it should be considered a partial or full PPP termination. A PPP termination should be accounted for by a transferor by reducing, as applicable, any receivable for installment payments or any receivable related to the transfer of ownership of the underlying PPP asset and by reducing the related deferred inflow of resources. An operator should account for a termination by reducing the carrying value of the right-to-use asset and, as applicable, any liability for installment payments or liability to transfer ownership of the underlying PPP asset. A PPP modification that does not qualify as a separate PPP should be accounted for by remeasuring PPP assets and liabilities.

APAs – An APA that is related to designing, constructing, and financing a nonfinancial asset in which ownership of the asset transfers by the end of the contract should be accounted for by a government as a financed purchase of the underlying nonfinancial asset. This Statement requires a government that engaged in an APA that contains multiple components to recognize each component as a separate arrangement. An APA that is related to operating or maintaining a nonfinancial asset should be reported by a government as an outflow of resources in the period to which payments relate.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 96 – ***Subscription-Based Information Technology Arrangements***

This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, Leases, as amended.

A SBITA is defined as a contract that conveys control of the right to use another party's (a SBITA vendor's) information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets), as specified in the contract for a period of time in an exchange or exchange-like transaction.

The subscription term includes the period during which a government has a noncancelable right to use the underlying IT assets. The subscription term also includes periods covered by an option to extend (if it is reasonably certain that the government or SBITA vendor will exercise that option) or to terminate (if it is reasonably certain that the government or SBITA vendor will not exercise that option).

Under this Statement, a government generally should recognize a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability. A government should recognize the subscription liability at the commencement of the subscription term, —which is when the subscription asset is placed into service. The subscription liability should be initially measured at the present value of subscription payments expected to be made during the subscription term. Future subscription payments should be discounted using the interest rate the SBITA vendor charges the government, which may be implicit, or the government's incremental borrowing rate if the interest rate is not readily determinable. A government should recognize amortization of the discount on the subscription liability as an outflow of resources (for example, interest expense) in subsequent financial reporting periods.

The subscription asset should be initially measured as the sum of (1) the initial subscription liability amount, (2) payments made to the SBITA vendor before commencement of the subscription term, and (3) capitalizable implementation costs, less any incentives received from the SBITA vendor at or before the commencement of the subscription term. A government should recognize amortization of the subscription asset as an outflow of resources over the subscription term.

Activities associated with a SBITA, other than making subscription payments, should be grouped into the following three stages, and their costs should be accounted for accordingly:

- Preliminary Project Stage, including activities such as evaluating alternatives, determining needed technology, and selecting a SBITA vendor. Outlays in this stage should be expensed as incurred.
- Initial Implementation Stage, including all ancillary charges necessary to place the subscription asset into service. Outlays in this stage generally should be capitalized as an addition to the subscription asset.
- Operation and Additional Implementation Stage, including activities such as subsequent implementation activities, maintenance, and other activities for a government's ongoing operations related to a SBITA. Outlays in this stage should be expensed as incurred unless they meet specific capitalization criteria.

SCHEDULE OF OTHER MATTERS

In classifying certain outlays into the appropriate stage, the nature of the activity should be the determining factor. Training costs should be expensed as incurred, regardless of the stage in which they are incurred.

If a SBITA contract contains multiple components, a government should account for each component as a separate SBITA or nonsubscription component and allocate the contract price to the different components. If it is not practicable to determine a best estimate for price allocation for some or all components in the contract, a government should account for those components as a single SBITA.

This Statement provides an exception for short-term SBITAs. Short-term SBITAs have a maximum possible term under the SBITA contract of 12 months (or less), including any options to extend, regardless of their probability of being exercised. Subscription payments for short-term SBITAs should be recognized as outflows of resources.

This Statement requires a government to disclose descriptive information about its SBITAs other than short-term SBITAs, such as the amount of the subscription asset, accumulated amortization, other payments not included in the measurement of a subscription liability, principal and interest requirements for the subscription liability, and other essential information.

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MAZE & ASSOCIATES

REQUIRED COMMUNICATIONS

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

We have audited the basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, for the year ended June 30, 2020. Professional standards require that we communicate to you the following information related to our audit under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance.

Significant Audit Findings

Accounting Policies

Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the Authority are described in Note 2 to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during the year

The following GASB pronouncements became effective, but did not have a material effect on the financial statements:

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance*

The primary objective of this Statement is to provide temporary relief to governments and other stakeholders in light of the COVID-19 pandemic. That objective is accomplished by postponing the effective dates of certain provisions in Statements and Implementation Guides that first became effective or are scheduled to become effective for periods beginning after June 15, 2018, and later.

The effective dates of certain provisions contained in the following pronouncements are postponed by one year:

- Statement No. 83, Certain Asset Retirement Obligations
- Statement No. 84, Fiduciary Activities
- Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements
- Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period
- Statement No. 90, Majority Equity Interests
- Statement No. 91, Conduit Debt Obligations
- Statement No. 92, Omnibus 2020
- Statement No. 93, Replacement of Interbank Offered Rates
- Implementation Guide No. 2017-3, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions (and Certain Issues Related to OPEB Plan Reporting)

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GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance (Continued)*

- Implementation Guide No. 2018-1, Implementation Guidance Update—2018
- Implementation Guide No. 2019-1, Implementation Guidance Update—2019
- Implementation Guide No. 2019-2, Fiduciary Activities.

The effective dates of the following pronouncements are postponed by 18 months:

- Statement No. 87, Leases
- Implementation Guide No. 2019-3, Leases.

Earlier application of the provisions addressed in this Statement is encouraged and is permitted to the extent specified in each pronouncement as originally issued.

Unusual Transactions, Controversial or Emerging Areas

We noted no transactions entered into by the Authority during the year for which there is a lack of authoritative guidance or consensus. All significant transactions have been recognized in the financial statements in the proper period.

Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management's knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ significantly from those expected. The most sensitive estimates affecting the Authority's financial statements were:

Estimated Net Pension Asset and Pension-Related Deferred Outflows and Inflows of Resources: Management's estimate of the net pension asset and deferred outflows/inflows of resources are disclosed in Note 9 to the financial statements and are based on actuarial studies determined by a consultant, which are based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Net OPEB Asset: Management's estimate of the net OPEB asset is disclosed in Note 10 to the financial statements and is based on actuarial study determined by a consultant, which is based on the experience of the Authority. We evaluated the key factors and assumptions used to develop the estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Estimated Fair Value of Investments: As of June 30, 2020, the Authority held approximately $39.9 million of cash and investments as measured by fair value as disclosed in Note 3 to the financial statements. Fair value is essentially market pricing in effect as of June 30, 2020. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2020.

Estimate of Depreciation: Management's estimate of the depreciation is based on useful lives determined by management. These lives have been determined by management based on the expected useful life of assets as disclosed in Note 4 to the financial statements. We evaluated the key factors and assumptions used to develop the depreciation estimate and determined that it is reasonable in relation to the basic financial statements taken as a whole.

Disclosures

The financial statement disclosures are neutral, consistent, and clear.

Difficulties Encountered in Performing the Audit

We encountered no significant difficulties in dealing with management in performing and completing our audit.

Corrected and Uncorrected Misstatements

Professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. Management has corrected all such misstatements. In addition, none of the misstatements detected as a result of audit procedures and corrected by management were material, either individually or in the aggregate, to each opinion unit's financial statements taken as a whole.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriated level of management. We have no such misstatements to report to the Board.

Disagreements with Management

For purposes of this letter, a disagreement with management is a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Representations

We have requested certain representations from management that are included in a management representation letter dated November 13, 2020.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters, similar to obtaining a "second opinion" on certain situations. If a consultation involves application of an accounting principle to the Authority's financial statements or a determination of the type of auditor's opinion that may be expressed on those statements, our professional standards require the consulting accountant to check with us to determine that the consultant has all the relevant facts. To our knowledge, there were no such consultations with other accountants.

Other Audit Findings or Issues

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the Authority auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

Other Information Accompanying the Financial Statements

We applied certain limited procedures to the required supplementary information that accompanies and supplements the basic financial statements. Our procedures consisted of inquiries of management regarding the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We did not audit the required supplementary information and do not express an opinion or provide any assurance on the required supplementary information.

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This information is intended solely for the use of Board of Directors and management and is not intended to be, and should not be, used by anyone other than these specified parties.

Maze + Associates

Pleasant Hill, California
November 13, 2020

Attachment B

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on the Financial Statements

We have audited the accompanying basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2020, and the respective changes in financial position and cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and other Required Supplementary Information as listed in the Table of Contents be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
November 13, 2020

MANAGEMENT'S DISCUSSION AND ANALYSIS

The following Management's Discussion and Analysis (MD&A) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) activities and financial performance provides an introduction to the financial statements of the Authority for the fiscal year ended June 30, 2020. The information presented herein should be considered in conjunction with the accompanying financial statements.

BASIC FINANCIAL STATEMENTS

The Basic Financial Statements required under GASB 34 include:

Statement of Net Position—presents the financial position of the Authority, including assets, deferred outflows, liabilities, deferred inflows and net position. The difference between this statement and the traditional Balance Sheet is that net position (fund equity) is shown as the difference between total assets and total liabilities.

Statement of Activities—presents revenues, expenses and changes in net position for the fiscal year. It differs from the traditional Statement of Revenues and Expenses in that revenues and expenses directly attributable to operating programs are presented separately from investment income and financing costs.

Statement of Cash Flows—provides itemized categories of cash flows. This statement differs from the traditional Statement of Cash Flows in that it presents itemized categories of cash inflows and outflows instead of computing the net cash flows from operation by backing out non-cash revenues and expenses from net operating income. In addition, cash flows related to investments and financing activities are presented separately.

ORGANIZATION DESCRIPTION AND BUSINESS

In October 1999, the California state legislature formed the Water Transit Authority (WTA), a regional agency mandated to create a long-term plan for new and expanded water-transit and related services on the San Francisco Bay. Effective January 1, 2008, a new state law, Senate Bill 976, dissolved the WTA and replaced it with the San Francisco Bay Area Water Emergency Transportation Authority (Authority). This new regional agency is responsible for consolidating and operating public ferry services in the Bay Area, planning new service routes, and coordinating ferry transportation response to emergencies or disasters affecting the Bay Area transportation system.

In June 2016, the Authority Board of Directors (Board) adopted the following Mission Statement for the organization:

> *The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is a regional agency with responsibility to develop and operate a comprehensive water transportation system for the Bay Area. The Authority shall also coordinate water transportation services in response to natural disasters and transportation disruptions.*

At the same time, the Authority Board approved the following Vision Statement for how the Authority would pursue its Mission:

> *The San Francisco Bay Area Water Emergency Transportation Authority develops, operates and manages an expanded and enhanced region-wide ferry system that provides a reliable, state-of-the-art and attractive transportation option for the Bay Area and plays a critical role in coordinating and providing water transportation to serve emergency response and economic recovery needs.*

Taken together, the Mission and Vision describe and characterize the Authority's multiple functional roles in the regional transportation network.

In October 2010, the Alameda City Council and the Authority Board adopted the transition agreement for the Alameda/Oakland and Alameda Harbor Bay ferry services. The transition was completed in April 2011, transforming the Authority into a transit operating entity. In October 2011, the Vallejo City Council and the Authority Board adopted the transition agreement for the Vallejo ferry service. Transition of the Vallejo ferry service was completed on July 1, 2012. In addition to operating the three routes transitioned from the cities of Alameda and Vallejo, the Authority initiated its first expansion ferry service to South San Francisco in June 2012 and its second expansion service to Richmond in January 2019.

All ferry services operated by the Authority, including the five routes with regularly scheduled service and ballpark and other special event services, are collectively branded and marketed as "San Francisco Bay Ferry."

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position. The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by $467.1 million at June 30, 2020, a $27.4 million or 6% increase from June 30, 2019.

The following is a summary of the Authority's net position as of June 30, 2020 and 2019 along with a discussion of some of the most significant balances (in thousands):

	2020	2019
Assets:		
Current and other assets	$52,625	$69,863
Capital assets	445,397	418,633
Total assets	$498,022	$488,496
Deferred Outflows of Resources:	$683	$652
Liabilities:		
Current liabilities	$9,499	$12,714
Unearned/deferred revenue	19,705	36,573
Other noncurrent liabilities	281	120
Total liabilities	$29,485	$49,407
Deferred Inflows of Resources:	$154	$109
Net Position:		
Net investment in capital assets	$445,397	$418,633
Restricted	7,835	8,832
Unrestricted	15,834	12,167
Total net position	$469,066	$439,632

The assets and deferred outflows totaled $498.7 million, consisting of $52.6 million in current assets, such as cash, and accounts receivable, $445.4 million in capital assets and $683,000 in pension and other post-employment benefits (OPEB) related deferred outflows.

The increase in assets was attributed to the increase of $26.8 million in capital assets and the decrease of $17.3 million in current assets, including cash, stemming from the spend down of Prop 1B grant funds. Total capital expenditures in FY2019/20 was $43.9 million and a total of $146.4 million was reclassified from construction in progress to capital assets for completed projects, including two new passenger-only vessels and new Gates F and G and the rehabilitation of the existing Gate E at the San Francisco Downtown Ferry Terminal.

Current liabilities consisted primarily of accounts payable. The decrease was mainly attributed to the decrease in total unpaid vendor invoices as of June 30, 2020 when compared to June 30, 2019. Unearned/deferred revenues consisted primarily of voters approved Proposition 1B (Prop 1B) grant funds. The decrease in Unearned/deferred revenues was due to the reduction in unspent Prop 1B grant funds. The increase in Other noncurrent liabilities was due to the increase in net pension liability.

The largest portion of the Authority's net position (95%) represents its investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide services to its passengers. Net assets invested in capital assets increased by 6% during the year. An additional portion of the Authority's net position (2%), Restricted net position, represents resources that are subject to external restrictions imposed by grantors and contributors that restrict the use of net position, decreased $1.0 million during the year. The remaining Unrestricted net position (3%) may be used to meet ongoing obligations.

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 68 (GASB 68) and Statement No. 71 (GASB 71), which became effective during the fiscal year ended June 30, 2015. The implementation of GASB 68 requires the recognition of the Authority's net pension liability measured as of June 30, 2019. Pension contributions made in FY2019/20 are recognized as a Deferred outflow of resources. GASB 68 also requires the recognition of deferred inflows of resources for changes in the Authority's net pension liability that arises from other types of events. As a result, certain June 30, 2020 balances, including Deferred outflow of resource and Deferred inflow of resources, at June 30, 2020 are not comparable to the balances at June 30, 2019.

The Authority adopted the provisions of the Governmental Accounting Standards Board Statement No. 75 (GASB 75), which became effective during the fiscal year ended June 30, 2018. The primary objective of this Statement is to improve accounting and financial reporting by state and local governments for post-employment benefits other than pensions (OPEB). GASB 75 requires the Authority to include the unfunded OPEB liabilities in its financial statements.

FISCAL YEAR 2020 FINANCIAL HIGHLIGHTS

The following table summarizes the Statement of Net Position, or the change in Net Position of governmental activities, for the year ended June 30, 2020 and June 30, 2019:

Statement of Net Position

(in thousands)

	2020	2019	Increase/ (Decrease) From 2019
Operating revenues	$17,170	$22,435	($5,265)
Operating expenses	(42,564)	(42,330)	(234)
Loss before depreciation and other non-operating revenues and expenses	(25,394)	(19,896)	(5,499)
Depreciation	(17,104)	(14,540)	(2,564)
Operating loss	(42,498)	(34,435)	(8,063)
Other non-operating revenues and expenses, net	24,803	19,857	4,947
Loss before capital contribution	(17,695)	(14,579)	(3,116)
Capital contributions	47,130	91,086	(43,956)
Change in Net Position	29,435	76,507	(47,073)
Net Position, beginning	439,632	363,124	76,507
Net Position, ending	$469,067	$439,632	$29,435

Revenues

A summary of revenues for the years ended June 30, 2020 and 2019, and the amount of change in relation to prior your amounts (in thousands) is as follows:

	2020	2019	Increase/ (Decrease) From 2019
Operating Revenues:			
Alameda Harbor Bay Ferry Service	$1,111	$1,644	($533)
Alameda / Oakland Ferry Service	5,947	7,771	(1,824)
Vallejo Ferry Service	8,453	11,481	(3,029)
South San Francisco Ferry Service	764	1,056	(292)
Richmond Ferry Service	895	483	412
Total operating revenues	17,170	22,435	(5,265)
Non-operating Revenues:			
Operating assistance	21,262	19,596	1,666
Investment / Interest Income	285	240	45
Non-Transportation Revenue	26	20	6
Total non-operating revenues	21,574	19,857	1,718
Capital contributions:	47,130	91,086	(43,956)
Total Revenues	$85,874	$133,378	($47,504)

- Revenue generated from operations, farebox, decreased by $5.3 million or 23% from prior year ($17.2 million in 2020 compared to $22.4 million in 2019) as the Authority experienced significant reductions in system ridership as the result of the shelter in place orders issued on March 16, 2020 due to the COVID-19 pandemic. System-wide ridership was 2,298,857 in 2020, a 750,019 or 25% reduction when compared to 2019.

- Non-operating revenues increased from $19.9 million in 2019 to $21.6 million in 2020, an increase of $1.7 million. This increase was attributed to the increased use of Local and Federal subsidies to support operations due to ridership and fare revenue decreases brought on by the shelter in place order.

- Capital contributions received in the form of grants and assistance from the Federal, State, and Local governments decreased from $91.1 million in 2019 to $43.9 million in 2020. The decrease in capital contribution is attributed primarily to the completion or near completion of several major capital projects. Capital contributions also included proceeds from the sale of two end-of-life vessels totaling $3.2 million.

Expenses

A summary of expenses for the years ended June 30, 2020 and 2019, and the amount of change in relation to prior year amounts (in thousands), is as follows:

	2020	2019	Increase/ (Decrease) From 2019
Operating Expenses:			
Alameda Harbor Bay Ferry Service	$2,600	$3,608	($1,008)
Alameda / Oakland Ferry Service	13,218	13,329	(112)
Vallejo Ferry Service	17,339	17,910	(571)
South San Francisco Ferry Service	2,278	3,180	(902)
Richmond Ferry Service	3,386	1,724	1,663
Planning & Administration	3,743	2,580	1,163
Total operating expenses, excluding depreciation	42,564	42,330	234
Other Expenses:			
Depreciation	17,104	14,540	2,564
(Gain)/Loss on disposal of assets	(3,229)	-	(3,229)
Total other expenses	13,875	14,540	(665)
Total Expenses	$56,439	$56,870	($431)

- Total operating expenses, before depreciation, increased slightly from $42.3 million in 2019 to $42.6 million in 2020, a change of $234,000.

- The decrease in route-level ferry service expenses, except for the Richmond Ferry Service, stemmed from actions taken to address the COVID-19 pandemic and the affect it had on transit. The Richmond Ferry Service recognized an increase in operating expenses since the 2019 total was for 6-months of service, from January to June 2019, and the 2020 total was for 12-months of service.

- The increase for Planning & Administration was mainly attributed to the contribution of $1.8 million to the WETA Retirement Plan and the WETA Replacement Benefits Plan trust accounts. This action will reduce operating expense in the coming years by eliminating the unfunded liabilities.

CONSTRUCTION ACTIVITIES AND CAPITAL ACQUISITIONS

During 2020, the Authority expended $43.9 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- San Francisco Berthing Expansion – Construction ($15.9 million)
- Purchase/Construction Two 445-Pax Expansion Vessels ($14.6 million)
- Purchase/Construct New Commuter Class Vessel ($4.3 million)
- Vessel Quarter-Life Refurbishment – M/V Scorpio ($2.9 million)
- Construction of the Alameda Seaplane Lagoon Ferry Terminal ($2.0 million)
- Vessel Engine Overhaul – M/V Intintoli & M/V Mare Island ($1.3 million)
- Central Bay Operations and Maintenance Facility – Construction ($1.2 million)
- Vessel Engine Overhaul – M/V Gemini, M/V Taurus, M/V Argo, M/V Carina ($832,000)

During 2020, completed projects totaling $146.4 million were closed from construction in progress to their respective capital accounts. The major completed projects included:

- San Francisco Berthing Expansion ($94.8 million)
- Purchase/Construction Two 445-Pax Expansion Vessels ($43.3 million)
- Vessel Quarter-Life Refurbishment – M/V Scorpio ($2.9 million)
- Vessel Engine Overhaul – M/V Intintoli & M/V Mare Island ($2.2 million)
- Central Bay Operations and Maintenance Facility – Construction ($1.2 million)
- Vessel Engine Overhaul – M/V Gemini, M/V Taurus, M/V Argo ($1.0 million)

PROGRAM INITIATIVES AND OUTLOOK

The Authority will continue its efforts to support the management, operation and marketing of the current five and one new San Francisco Bay Ferry routes: Alameda/Oakland to San Francisco, Alameda Harbor Bay to San Francisco, Alameda/Oakland to South San Francisco, Vallejo to San Francisco, Richmond to San Francisco, and Alameda Seaplane Lagoon to San Francisco. Planning, administration and development efforts in the coming year will focus on:

- **System Planning and Service Development** - Significant effort will be focused on monitoring system operation and ridership and developing and refining recovery services as the Bay Area responds and adjusts to the COVID-19 pandemic. Staff will also revisit the development of a Five-Year Fare Program, continue work on the Hovercraft Feasibility Study, continue work on the Berkeley and Redwood City service studies and work on other service development and monitoring activities as needed.

- **Facility and Terminal Development** – Staff will continue to monitor, and support project development and construction activities associated with new Mission Bay and Treasure Island ferry terminals. Staff will conduct initial study and permitting work for the Vallejo Terminal dredge project scheduled to take place in FY 2021/22.

- **Fleet Development** – In addition to supporting WETA's ongoing fleet construction and rehabilitation program, including development of an all-electric ferry, staff will continue efforts to identify options and opportunities to implement new vessel emission technology for existing and future vessels.

- **Emergency Response Program/Training** – Staff will continue to participate in local, regional and state exercises, meetings and discussions. Staff will continue internal training exercises and will participate in the Bay Ferry V regional exercise with Bay Area partners.

- **Public Relations and Communications** – Staff will perform media outreach and public communications to support service resumption in the wake of the COVID-19 crisis and to support new service at Seaplane Lagoon in Alameda. Staff will also work to enhance public awareness of WETA and its role in emergency response.

- **Marketing** – Staff will market ferry services with a focus on highlighting safety and ease of use in the wake of the COVID-19 crisis and build awareness of rebranded routes and enhanced commute opportunities in the Alameda and Oakland corridors as Seaplane Lagoon service begins. Staff will also continue to enhance the marketing presence of all routes as appropriate as full service is restored in the system.

- **Organizational Review** – As appropriate, staff will work with the Board of Directors to develop plans for organizational development and growth to meet the agency's future work demands and regional responsibilities associated with RM3.

CONTACTING THE AUTHORITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide citizens, taxpayers, creditors and interested parties with a general overview of the Authority's finances. Questions or additional information about these statements should be directed to San Francisco Bay Area Water Emergency Transportation Authority, at Pier 9, Suite 111, San Francisco, CA 94111.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF NET POSITION
JUNE 30, 2020

ASSETS	
Current Assets	
Cash and cash equivalents (Note 3)	$39,918,973
Receivables:	
Accounts	7,865,854
Interest	63,009
Security deposit	77,665
Inventory	93,215
Prepaid expenses	4,159,518
Net OPEB Asset (Note 10)	446,390
Total Current Assets	52,624,624
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	18,029,547
Depreciable capital assets, net	
Ferries	178,589,510
Terminal development rights	2,928,046
Floats, piers and gangways	9,164,927
Ferry terminal and facilities	236,341,900
Equipment and service vehicles	343,216
Total Capital Assets	445,397,146
Total Assets	498,021,770
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 9)	575,127
Related to OPEB (Note 10)	108,104
Total Deferred Outflows of Resources	683,231
LIABILITIES	
Current Liabilities	
Accounts payable	6,411,989
Other accrued liabilities	2,912,878
Unearned revenue - fares	
Compensated absences (Note 2C)	174,008
Total Current Liabilities	9,498,875
Noncurrent Liabilities	
Compensated absences (Note 2C)	178,844
Unearned revenue - State Appropriation (Note 5A)	1,302,992
Unearned revenue - Prop 1B (Note 5C)	17,304,931
Unearned revenue -STA-SGR (Note 5E)	666,449
Unearned revenue -LCTOP (Note 5F)	430,194
Collective net pension liability (Note 9)	101,947
Total Noncurrent Liabilities	19,985,357
Total Liabilities	29,484,232
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 9)	83,027
Related to OPEB (Note 10)	71,235
Total Deferred Inflows of Resources	154,262
NET POSITION (Note 8)	
Net investment in capital assets	445,397,146
Restricted	7,834,899
Unrestricted	15,834,462
Total Net Position	$469,066,507

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2020

OPERATING REVENUES	
Farebox revenue	$17,170,189
Total Operating Revenues	17,170,189
PROGRAM OPERATING EXPENSES	
Personnel costs	4,637,693
Administrative expenses	8,232,451
Legal and consulting	1,663,133
Purchased transportation	26,307,027
Insurance premiums	1,723,920
Depreciation (Note 4)	17,104,293
Total Program Operating Expenses	59,668,517
OPERATING LOSS	(42,498,328)
NONOPERATING REVENUES (EXPENSE)	
Intergovernmental receipts	21,262,147
Other revenue	3,541,006
Total Nonoperating Revenues	24,803,153
CAPITAL GRANTS	47,129,852
CHANGE IN NET POSITION	29,434,677
NET POSITION - BEGINNING	439,631,830
NET POSITION - ENDING	$469,066,507

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2020

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$17,044,477
Payments to vendors and consultants	(41,980,218)
Payments to or on behalf of employees	(4,324,058)
Net cash flows from (used for) operating activities	(29,259,799)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental collections	25,182,191
Net cash flows from noncapital and related financing activities	25,182,191
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant receipts used for capital activities	30,261,700
Payments for capital assets	(43,868,779)
Net cash flows from (used for) capital and related financing activities	(13,607,079)
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receipts	70,298
Net cash flows from (used for) investing activities	70,298
Net cash flows	(17,614,389)
Cash and cash equivalents- beginning of year	57,533,362
Cash and cash equivalents - end of year	$39,918,973
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	($42,498,328)
Depreciation	17,104,293
Change in assets and liabilities:	
Security deposits	(291)
Inventory	0
Prepaid expenses	(556,428)
Net OPEB asset	(376,679)
Accounts payable	(4,172,171)
Other accrued liabilities	1,051,882
Unearned fares	(125,712)
Compensated absences	89,714
Net Pension liability	210,382
Deferred outflows/inflows	13,539
Net cash flows used for operating activities	($29,259,799)

See accompanying notes to financial statements

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NOTE 1 – REPORTING ENTITY

The San Francisco Bay Area Water Emergency Transportation Authority (Authority) is the regional water transportation planning and operating agency for the San Francisco Bay Area. It was established by the California State Legislature on October 14, 2007. The Authority was designated by the State Legislature to plan and operate new and existing Alameda and Vallejo ferry services and coordinate the emergency activities of all water transportation and related facilities within the Bay Area region.

The Authority is governed by a Board of Directors comprised of appointees from the California State Governor's Office, the State Assembly, and the State Senate subcommittees. The Board, consisting of 5 members, is responsible for general operations of the Authority, reviewing and approving the annual budget, approving future contractual agreements with vendors, and appointment of the Executive Director.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The accounting policies of the Authority conform with generally accepted accounting principles applicable to governments. The following is a summary of the significant policies:

A. Basis of Presentation

The Authority's Basic Financial Statements are prepared in conformity with accounting principles generally accepted in the United States of America. The Government Accounting Standards Board is the acknowledged standard setting body for establishing accounting and financial reporting standards followed by governmental entities in the U.S.A.

These Standards require that the financial statements described below be presented.

Government-wide Statements: The Statement of Net Position and the Statement of Activities display information about the primary entity (the Authority). These statements include the financial activities of the overall Authority. Eliminations have been made to minimize the double counting of internal activities. These statements display the *business-type activities* of the Authority. Business-type activities are financed in whole or in part by fees charged to external parties.

The Statement of Activities presents a comparison between direct expenses and program revenues for each function of the Authority's business-type activities. Program Operating Expenses are those that are specifically associated with a program or function. Nonoperating Revenues include (a) charges paid by the recipients of goods or services offered by the programs, (b) grants and contributions that are restricted to meeting the operational needs of a particular program and (c) fees, grants and contributions that are restricted to financing the acquisition or construction of capital assets. Revenues that are not classified as Nonoperating Revenues are presented as Operating Revenues.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

B. Basis of Accounting

The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Grant reimbursements are recognized in the period the grant expenditures are made. Expenditures in excess of reimbursement are recorded as receivables if allowable under the grant, while excess reimbursements are recorded as deferred revenues.

C. Compensated Absences

Compensated absences comprise vacations and administration leave and are recorded as an expense when earned. The accrued liability for unused compensated absences is computed using current employee pay rates. Sick pay does not vest and is not accrued.

The changes in compensated absences were as follows:

Balance at June 30, 2019	$263,138
Additions	244,241
Payments	(154,527)
Balance at June 30, 2020	352,852
Due within one year	174,008
Due in more than one year	$178,844

D. Estimates

The Authority's management has made a number of estimates and assumptions relating to the reporting of assets and liabilities and revenues and expenses and the disclosure of contingent liabilities to prepare these financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Actual results could differ from those estimates.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

E. Fair Value Measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

F. Implementation of New GASB Pronouncements

GASB 89 – *Accounting for Interest Cost Incurred before the End of a Construction Period* – This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements,* which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. The Authority early implemented this pronouncement during this fiscal year. This Statement had no material effect on the financial statements.

GASB 95 – *Postponement of the Effective Dates of Certain Authoritative Guidance* – This Statement extended the implementation dates for 15 GASB Statements and Implementation Guides by 1 year or more. Of course, many of the Statements could be early-implemented, as applicable.

NOTE 3 – CASH AND INVESTMENTS

A. Carrying Amount and Fair Value

Cash and investments are recorded at fair value, which is the same as fair market value. The Authority's cash and investments were composed of cash in banks and the California Local Agency Investment Fund (LAIF), each of which is described below.

Cash and investments comprised of the following at June 30, 2020:

Investment Type	Total
California Local Agency Investment Fund	$15,814,928
Held by Trustees:	
Money Market Mutual Fund	23,210,744
Total Investments	39,025,672
Cash in banks and on hand	893,301
Total Cash and investments	$39,918,973

The California Local Agency Investment Fund (LAIF) and money market mutual funds are exempt from the fair value hierarchy.

NOTE 3 – CASH AND INVESTMENTS (Continued)

B. Investments Authorized by the Authority

The California Government Code allows the Authority to invest in the following types of investments.

Authorized Investment Type	Maximum Maturity	Minimum Credit Quality	Maximum in Portfolio	Maximum Investment In One Issuer
U.S. Treasury Obligations	5 years	N/A	No Limit	No Limit
State Obligations: CA and Others	5 years	N/A	No Limit	No Limit
CA Local Agency Obligations	5 years	N/A	No Limit	No Limit
U.S. Agency Obligations	5 years	N/A	No Limit	No Limit
Negotiable Certificates of Deposit	5 years	N/A	30%	No Limit
Non-negotiable Certificates of Deposit	5 years	N/A	No Limit	No Limit
Mutual Funds and Money Market Mutual Funds	N/A	Highest	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper - Pooled Funds	270 Days	A/A-1	40%	10%
Commercial Paper - Non-Pooled Funds	270 Days	A/A-1	25%	10%
Local Agency Investment Program Fund (LAIF)	N/A	N/A	No limit	No Limit
Local Agency Bonds	5 years	N/A	No Limit	No Limit
Placement Service Deposits	5 years	N/A	30%	No Limit
Placement Service Certificates of Deposit	5 years	N/A	30%	No Limit
Repurchase Agreements	1 year	N/A	No Limit	No Limit
Reverse Repurchase Agreements and Securities Lending Agreements	92 days	N/A	20%	No Limit
Medium-Term Notes	5 years	A	30%	No Limit
Collateralized Bank Deposits	5 years	N/A	No Limit	No Limit
Mortgage Pass–Through Securities	5 years	AA	20%	No Limit
County Pooled Investment Funds	N/A	N/A	No Limit	No Limit
Joint Powers Authority Pool	N/A	Multiple	No Limit	No Limit
Voluntary Investment Program Funds	N/A	N/A	No Limit	No Limit
Supranational Obligations	5 years	AA	30%	No Limit

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool, and the money market mutual funds, is approximately 191 and 47 days, respectively.

D. Credit Risk

Generally, credit risk is the risk that an issuer of an investment fails to fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. As of year end, the money market mutual funds were rated AAAm by S&P. LAIF is not rated by a nationally recognized statistical rating organization.

E. Custodial Credit Risk

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the Authority may not be able to recover its deposits or may not be able to recover collateral securities that are in the possession of an outside party. Under California Government Code Section 53651, depending on specific types of eligible securities, a bank must deposit eligible securities posted as collateral with its agent having a fair value of 110% to 150% of the Authority's cash on deposit. All of the Authority's deposits are either insured by the Federal Depository Insurance Corporation (FDIC) or collateralized with pledged securities held in the trust department of the financial institutions in the Authority's name.

F. Local Agency Investment Fund

The Authority is a voluntary participant in LAIF. LAIF is regulated by California Government Code Section 16429 under the oversight of the Treasurer of the State of California. Included in LAIF's investment portfolio are collateralized mortgage obligations, mortgage-backed securities, other asset-backed securities, loans to certain state funds, and floating rate securities issued by federal agencies, government-sponsored enterprises, and corporations. The carrying value of LAIF approximates fair value.

NOTE 4 – CAPITAL ASSETS

All capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Contributed capital assets are valued at their estimated fair market value on the date contributed.

Capital assets with limited useful lives are depreciated over their estimated useful lives. The purpose of depreciation is to spread the cost of capital assets equitably among all users over the life of these assets. The amount charged to depreciation expense each year represents that year's pro rata share of the cost of capital assets.

Depreciation expense is calculated on the straight line method over the estimated useful lives of assets, which are as follows:

Ferries	25 years
Ferry Terminal/Facilities	50 years
Terminal Development Rights	55 years

Capital assets activity was as follows for the year ended June 30, 2020:

	Balance as of June 30, 2019	Additions	Transfers/ Adjustments	Balance as of June 30, 2020
Capital assets not being depreciated:				
Construction in progress	$120,515,565	$43,868,779	($146,354,797)	$18,029,547
Total assets not being depreciated	120,515,565	43,868,779	(146,354,797)	18,029,547
Capital assets being depreciated:				
Ferries	190,429,620		47,435,127	237,864,747
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	15,676,990			15,676,990
Ferry terminal and facilities	155,403,922		95,964,453	251,368,375
Equipment and service vehicles	1,698,039		28,105	1,726,144
Total assets being depreciated	366,868,571		143,427,685	510,296,256
Less accumulated depreciation for:				
Ferries	(51,086,050)	(11,116,299)	2,927,112	(59,275,237)
Terminal development rights	(665,409)	(66,545)		(731,954)
Floats, piers and gangways	(5,505,063)	(1,007,000)		(6,512,063)
Ferry terminal and facilities	(10,173,356)	(4,853,119)		(15,026,475)
Equipment and service vehicles	(1,321,598)	(61,330)		(1,382,928)
Total accumulated depreciation	(68,751,476)	(17,104,293)	2,927,112	(82,928,657)
Net capital assets being depreciated	298,117,095	(17,104,293)	146,354,797	427,367,599
Capital Assets, Net	$418,632,660	$26,764,486		$445,397,146

NOTE 5 – MAJOR FUNDING SOURCES

A. State Appropriation

In October 1999, the California State legislature formed the Water Transit Authority (WTA) and received a single $12,000,000 appropriation as initial funding for the study and planning of water transportation services in the San Francisco Bay. On October 14, 2007, Senate Bill stated that WTA funds will be transferred to the Authority. As of June 30, 2020, the appropriation has a balance as follows:

Original appropriation	$12,000,000
Net expenses as of June 30, 2020	(9,619,941)
Unearned appropriation as of beginning of period	2,380,059
Fiscal year 2020:	
Add: Interest income	51,512
Less: Expended	(1,128,579)
Unearned appropriation as of period end	$1,302,992

B. Bridge Tolls

Regional Measure 1 (RM1) – In November 1988, Bay Area voters approved Regional Measure 1 (RM1), which authorized a standard auto toll of $1 for all seven state-owned Bay Area toll bridges. The additional revenues generated by the toll increase were identified for use for congestion-relieving transit operations and capital projects in the bridge corridors. The Authority receives the portion of RM1 funding intended for transit operation and ferry capital projects. As of June 30, 2020, the Authority expended a total of $2,463,426 for capital. Of the total 2020 expenditures, the Authority received $1,544,908 in cash and had a receivable balance of $918,518.

Regional Measure 2 (RM2) – On March 2, 2004, voters passed Regional Measure 2 (RM2), raising the toll on the seven State-owned toll bridges in the San Francisco Bay Area by $1.00. This extra dollar is to fund various transportation projects within the region that have been determined to reduce congestion or to make improvements to travel in the toll bridge corridors, as identified in SB 916 (Chapter 715, Statutes of 2004). Specifically, RM2 establishes the Regional Traffic Relief Plan and identifies specific transit operating assistance and capital projects and programs eligible to receive RM2 funding. The Authority was allocated $17,790,485 to be used for operations in the fiscal year 2019-20. As of June 30, 2020, the Authority has expended total current allocated operating funds of $17,790,485 and an additional $4,114,115 of current and previously allocated capital funds. The Authority received $17,547,677 in cash and had a receivable balance of $4,356,923.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

AB664 is named for the 1975 enabling legislation that established the reserves. Funds are collected from the Dumbarton, San Mateo-Hayward and San Francisco-Oakland Bay bridges and are used to fund capital projects that further the development of public transit in the vicinity of the bridges. Most AB 664 funding is programmed to various transit agencies as a match for federal funds to cover the cost of replacing buses and improving capital facilities. As of June 30, 2019, the Authority had expended total allocated funds of $6,918. Of the total 2019 receivable balance and 2020 expenditures, the Authority received $83,001 in cash and had a receivable balance of $56,551 at June 30, 2020.

C. Proposition 1B (CTSGP-RPWT) Projects

Pursuant to State Proposition 1B, the Authority is the eligible recipient of funds from the California Transit Grant Program, Regional Public Waterborne Transit (CTSGP-RPWT) for public transportation ferries and related facilities and services and emergency water transportation disaster recovery within the Bay Area region. As of June 30, 2020, the Authority had been awarded $245 million in Proposition 1B allocations.

Assembly Bill 1203 (AB 1203), chaptered into law on October 11, 2009, provided clarifying language that allow the Authority to receive all awarded Proposition 1B allocations not previously invoiced or paid and as of April 2010, the Authority received $44,679,939. The Authority received an additional $25 million in fiscal year 2010-11 and $50 million in the fiscal year ended June 30, 2014, $25 million in fiscal year June 30, 2017 and $45 million in fiscal year ended June 30, 2018. Unspent grant receipts have been reported as unearned revenue in the accompanying financial statements.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2020 are as follows:

Project Name	Grant Allocations	Interest Applied	Expended in Fiscal Year Prior years	Expended in Fiscal Year 2019-2020	Unearned Revenue at 06/30/20
Preliminary Studies & Bridging Design of Redwood City, Richmond, Antioch and Martinez	$2,299,792		($2,299,792)		
Final Design for Berkeley and Hercules Terminals	220,519		(220,519)		
South San Francisco Terminal and Vessel Construction	9,617,037		(9,617,037)		
Maintenance Barge/Facility and Emergency Floats	5,686,442		(5,686,442)		
Central Bay and North Bay Maintenance Facilities	80,176,210		(74,016,300)	($1,150,681)	$5,009,229
San Francisco Berthing Expansion	68,500,000	$334,291	(49,187,580)	(11,698,467)	7,948,244
WETA Ferry Vessels	62,500,000		(55,218,507)	(4,039,542)	3,241,951
East Bay Ferry Terminals	16,000,000		(16,000,000)		-
Total	$245,000,000	$334,291	($212,246,177)	($16,888,690)	16,199,424
Add interest earned in prior years					1,186,374
Add interest earned in current year					253,424
Less interest applied to projects					(334,291)
Unearned Revenues					$17,304,931

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

D. Measure B and Measure BB Programs

Measure B was approved by the voters of Alameda County in 2000. This measure authorized a half-cent transportation sales tax to finance improvements to the County's mass transit and road improvements. Measure B funds are to be collected for a duration of 20 years; sales tax collection began on April 1, 2002 and will extend through March 31, 2022.

On November 4, 2014, the voters of Alameda County approved Measure BB, authorizing Alameda County Transportation Commission (CTC) to administer the proceeds from the extension of an existing one-half of one percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by one-half of one percent. The duration of the tax will be for 30 years from the initial year of collection, expiring on March 31, 2045. The tax proceeds will be used to pay for investments outlined in the 2014 Alameda County Transportation Expenditure Plan (2014 TEP).

The Authority uses Measure B and Measure BB funds for the maintenance and operations of the Alameda ferry services. During the fiscal year ended June 30, 2020, the Measure B and Measure BB program activity was as follows:

	Measure B	Measure BB
Program Revenues:		
Direct Local Program Distribution Allocation	$1,128,395	$736,134
Interest Earned - Measure B/BB Distribution	18,950	11,613
Total Measure B/BB Revenues	1,147,345	747,747
Program Expenditures:		
Construction / Capital:		
Seaplane Lagoon Ferry Terminal	(2,000,000)	
Replacement Vessel - M/V Bay Breeze		(16,926)
Quarter-Life refurbishment - M/V Scopio	(43,466)	(529,088)
Transportation and Operations		
Harbor Bay Ferry Service	(982,720)	
Total Direct Local Distribution Program Expenditures	(3,026,186)	(546,014)
Revenue Over Expenditures/		
Excess Net Change in Fund Balance	(1,878,841)	201,733
Fund Balance:		
Beginning Fund Balance	2,320,771	1,630,132
Ending Fund Balance	$441,930	$1,831,865
Reserves:		
Restricted for Measure B and Measure BB programs and projects	$441,930	$1,831,865
Unspent Funds as of the End of the Year:	$441,930	$1,831,865

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

E. State Transit Assistance – State of Good Repair (STA-SGR)

The Road Repair and Accountability Act of 2017, Senate Bill 1 (SB 1), signed by the Governor on April 28, 2017, includes a program that will provide additional revenues for transit infrastructure repair and service improvements. This investment in public transit will be referred to as the State of Good Repair (SGR) program. This program provides funding of approximately $105 million annually to the State Transit Assistance (STA) Account. These funds are to be made available for eligible transit maintenance, rehabilitation and capital projects. Funds are distributed by formula on a population basis in the region and on a revenue basis.

During the fiscal year, the Authority received $358,378 in SGR funding and incurred $0 SGR expenditures. The Authority recorded a balance of unspent SGR proceeds and interest of $666,449 as of June 30, 2020. Total funding allocated to the Authority as of June 30, 2020 is $937,845.

Program Revenues:	
Allocation Received	$358,378
Interest Earned	5,456
Total Program Revenues	363,834
Change in fund balance	363,834
Beginning Program Fund Balance	302,615
Ending Program Fund Balance	$666,449

F. Low Carbon Transit Operations Program (LCTOP)

The Low Carbon Transit Operations Program (LCTOP) is one of several programs funded by auction proceeds from the California Air Resource Board's Cap-and-Trade Program. LCTOP receives a five percent continuous appropriation of the annual auction proceeds beginning in FY2015/16. Funding is allocated annually to public transit operators in the State based on the existing State Transit Assistance revenue based formulas. The LCTOP program provides operating and capital assistance for transit agencies to reduce greenhouse gas (GHG) emissions and improve mobility, with a priority on serving disadvantaged communities.

The Authority did not receive or expend any LCTOP funding during the fiscal year. Total funding allocated from the LCTOP program to the Authority is $1,053,836 as of June 30, 2020. The Authority recorded a balance of unspent LCTOP funding and interest of $430,194 as of June 30, 2020.

NOTE 6 – LEASE OBLIGATION

A. Port of San Francisco

The Authority and Port of San Francisco entered into a lease agreement on December 1, 2011. The agreement allows the Authority to lease three parcels for office space, nonexclusive apron space and the exclusive use of lay berth area for ferry berthing. The annual lease payment is $244,170 and each parcel amount is subject to a 3% annual adjustment with a minimum adjustment of $0.01 (1 cent). On September 29, 2016 the Authority and the Port of San Francisco entered into a new lease extending the original lease by 5 years. It expires November 30, 2021. The annual lease payment is $341,517, and each parcel is subject to a 3% annual adjustment with a minimum adjustment

B. Lennar Mare Island, LLC

The Authority and Lennar Mare Island entered into a lease agreement on April 22, 2013. The agreement allows the Authority to lease facilities for the purposes of continued ferry maintenance operations at the Temporary Ferry Facility Area and Permanent Ferry Facility Area. The Authority is obligated to make monthly payments for the Temporary Ferry Facility Area and Permanent Ferry Facility Area of $9,000 and $2,500, respectively. The Permanent Ferry Facility Area shall increase the monthly base rent by 2.5% over the prior year's base rent amount on an annual basis. The lease expires after 50 years.

C. City of Alameda

The Authority and the City of Alameda entered into a lease agreement on February 15, 2015. The agreement allows the Authority to lease facilities for the Central Bay Operations and Maintenance Facility. The Authority is obligated to make monthly base rent payments equal to $5,125, adjusted annually by the Consumer Price Index Rent Adjustment, and expires after 60 years.

D. City of Richmond

The Authority and the City of Richmond entered into a lease agreement on August 24, 2017. The agreement allows the Authority to lease landside and waterside facilities for the Richmond ferry service. The Authority is obligated to make an annual base rent payment of $1. The lease expires on August 31, 2027.

NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy coverage at June 30, 2020:

Type of Coverage	Limit	Deductible
General liability	$1,000,000 to 3,000,000	$2,500
Workers compensation	1,000,000	N/A
Public officials management & Employment practices liability	3,000,000	15,000 to 25,000
Crime Insurance	1,000,000	2,500
Type of Coverage (related to Ferry Services)		
Marine commercial liability, Terminal operators liability and Wharfingers liability	$1,000,000 to 3,000,000	$2,500
Auto liability		
2020 Toyota Camry	1,000,000	1,000
Property Insurance		
Pier 9 Offices, Pier 9 Berthing Facility, Central Bay O&M Facility, North Bay O&M Facility, Vallejo Ferry Ticket Office, San Francisco Harbor Bay, Alameda Main Street, Alameda Seaplane Lagoon, Oakland Clay Street, Vallejo, Mare Island, South San Francisco, Richmond.	164,295,103	25,000 to 250,000
Excess marine liability	24,000,000	N/A

The Authority did not have any claims in fiscal year 2020.

NOTE 8 – NET POSITION

A. *Net Position*

Net Position is the excess of all the Authority's assets and deferred outflows of resources over all its liabilities and deferred inflows, regardless of fund. The Authority's Net Position is reported under the captions described below:

Net Investment in Capital Assets is the current net book value of the Authority's capital assets, less the outstanding balance of any debt issued to finance these assets.

Restricted describes unexpended Measure B revenues, unexpended Measure BB revenues and Alameda Local Property Tax/Assessments.

Unrestricted describes the portion of Net Position which may be used for any Authority purpose.

NOTE 9 – PENSION PLAN

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

A. General Information about the Pension Plans

Plan Description – All qualified permanent and probationary employees are eligible to participate in the Authority's Miscellaneous Employee Pension Rate Plan. The Authority's Miscellaneous Rate Plan is part of the public agency cost-sharing multiple-employer defined benefit pension plan, which is administered by the California Public Employees' Retirement System (CalPERS). The employer participates in one cost-sharing multiple-employer defined benefit pension plan regardless of the number of rate plans the employer sponsors. Benefit provisions under the Plan are established by State statute and Board resolution. CalPERS issues publicly available reports that include a full description of the pension plan regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Benefits Provided – CalPERS provides service retirement and disability benefits, annual cost of living adjustments and death benefits to plan members, who must be public employees and beneficiaries. Benefits are based on years of credited service, equal to one year of full time employment. Members with five years of total service are eligible to retire at age 50 with statutorily reduced benefits. All members are eligible for non-duty disability benefits after 10 years of service. The death benefit is one of the following: the Basic Death Benefit, the 1957 Survivor Benefit, or the Optional Settlement 2W Death Benefit. The cost of living adjustments for each plan are applied as specified by the Public Employees' Retirement Law.

NOTE 9 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2020 are summarized as follows:

	Miscellaneous	
Hire date	Prior to January 1, 2013	On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 67	52 - 67
Monthly benefits, as a % of eligible compensation	2.0% - 2.5%	1.0% - 2.5%
Required employee contribution rates	8.00%	6.75%
Required employer contribution rates	11.432%	6.985%

Beginning in fiscal year 2016, CalPERS collects employer contributions for the Plan as a percentage of payroll for the normal cost portion as noted in the rates above and as a dollar amount for contributions toward the unfunded liability and side fund. The dollar amounts are billed on a monthly basis.

Contributions – Section 20814(c) of the California Public Employees' Retirement Law requires that the employer contribution rates for all public employers be determined on an annual basis by the actuary and shall be effective on the July 1 following notice of a change in the rate. Funding contributions for the Plan are determined annually on an actuarial basis as of June 30 by CalPERS. The actuarially determined rate is the estimated amount necessary to finance the costs of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability. The Authority's is required to contribute the difference between the actuarially determined rate and the contribution rate of employees.

For the year ended June 30, 2020, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
	Tier I & Tier II
Contributions - employer	$245,274
Contributions - employee (paid by employer)	149,314

NOTE 9 – PENSION PLAN (Continued)

B. Pension Liabilities, Pension Expenses and Deferred Outflows/Inflows of Resources Related to Pensions

For purposes of measuring the net pension liability and deferred outflows/inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Plan and additions to/deductions from the Plan's fiduciary net position have been determined on the same basis as they are reported by the CalPERS Financial Office. For this purpose, benefit payments (including refunds of employee contributions) are recognized when currently due and payable in accordance with the benefit terms. Investments are reported at fair value.

As of June 30, 2020, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability (Asset)
Miscellaneous	$101,947
Total Net Pension Liability (Asset)	$101,947

The Authority's net pension liability for the Plan is measured as the proportionate share of the net pension liability. The net pension liability of the Plan is measured as of June 30, 2019, and the total pension liability for the Plan used to calculate the net pension liability was determined by an actuarial valuation as of June 30, 2018 rolled forward to June 30, 2019 using standard update procedures. The Authority's proportion of the net pension liability was based on a projection of the Authority's long-term share of contributions to the pension plan relative to the projected contributions of all participating employers, actuarially determined. The Authority's proportionate share of the net pension liability for the Plan as of June 30, 2018 and 2019 was as follows:

	Miscellaneous
Proportion - June 30, 2018	-0.0027%
Proportion - June 30, 2019	0.0025%
Change - Increase (Decrease)	0.005246%

NOTE 9 – PENSION PLAN (Continued)

For the year ended June 30, 2020, the Authority recognized a negative pension expense of $390,153. At June 30, 2020, the Authority reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Miscellaneous	
	Deferred Outflows of Resources	Deferred Inflows of Resources
Contributions made after the measurement date	$245,274	
Differences between actual and expected experience	7,081	($549)
Changes in assumptions	4,861	(1,723)
Net differences in actual contributions and proportionate contributions	176,956	(65,661)
Net differences between projected and actual earnings on pension plan investments	0	(1,782)
Adjustments due to changes in proportion	140,955	(13,312)
Total	$575,127	($83,027)

Deferred outflows of $245,274 related to contributions subsequent to the measurement date, will be recognized as a reduction of the net pension liability in the year ended June 30, 2021. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2021	$140,319
2022	87,147
2023	18,999
2024	361
Total	$246,826

NOTE 9 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2019, the total pension liability was determined by rolling forward the June 30, 2018 total pension liability. The June 30, 2018 and June 30, 2019 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2018
Measurement Date	June 30, 2019
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	7.15%
Inflation	2.50%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter

(1) The mortality table used was developed based on CalPERS' specific data. The table includes 15 years of mortality improvements using Society of Actuaries Scale 90% of scale MP 2016. For more details on this table, please refer to the December 2017 experience study report (based on CalPERS demographic data from 1997 to 2015) that can be found on the CalPERS website.

All other actuarial assumptions used in the June 30, 2018 valuation were based on the results of a December 2017 actuarial experience study for the period 1997 to 2011, including updates to salary increase, mortality and retirement rates. Further details of the Experience Study can be found on the CalPERS website under Forms and Publications.

NOTE 9 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total pension liability for the Plan was 7.15%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class.

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations as well as the expected pension fund cash flows. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the short-term (first 10 years) and the long-term (11+ years) using a building-block approach. Using the expected nominal returns for both short-term and long-term, the present value of benefits was calculated for each fund. The expected rate of return was set by calculating the rounded single equivalent expected return that arrived at the same present value of benefits for cash flows as the one calculated using both short-term and long-term returns. The expected rate of return was then set equivalent to the single equal rate calculated above and adjusted to account for assumed administrative expenses.

NOTE 9 – PENSION PLAN (Continued)

The table below reflects the expected real rate of return by asset class.

Asset Class[1]	Current Target Allocation	Real Return Years 1 - 10[2]	Real Return Years 11+[3]
Global Equity	50%	4.80%	5.98%
Fixed Income	28%	1.00%	2.62%
Inflation Sensitive	0%	0.77%	1.81%
Private Equity	8%	6.30%	7.23%
Real Estate	13%	3.75%	4.93%
Liquidity	1%	0.00%	-0.92%
Total	100%		

(1) In the System's CAFR, Fixed Income is included in Global Debt Securities; Liquidity is included in Short-term Investments; Inflation Assets are included in both Global Equity Securities and Global Debt Securities.

(2) An expected inflation of 2.00% used for this period.

(3) An expected inflation of 2.92% used for this period.

Sensitivity of the Proportionate Share of the Net Pension Asset to Changes in the Discount Rate The following presents the Authority's proportionate share of the net pension asset for the Plan, calculated using the discount rate for the Plan, as well as what the Authority's proportionate share of the net pension asset would be if it were calculated using a discount rate that is 1-percentage point lower or 1-percentage point higher than the current rate:

	Miscellaneous
1% Decrease	6.15%
Net Pension Asset	$1,062,020
Current Discount Rate	7.15%
Net Pension Asset	$101,947
1% Increase	8.15%
Net Pension Liability	($690,525)

Pension Plan Fiduciary Net Position – Detailed information about each pension plan's fiduciary net position is available in the separately issued CalPERS financial reports.

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS

A. *General Information about the Authority's Other Post Employment Benefit (OPEB) Plan*

Plan Description **–** The Authority's Post Employment Benefit Plan San Francisco Bay Area Water Emergency Transportation Authority Retiree Healthcare Plan is an agent multiple-employer defined benefit OPEB plan. By Board resolution, the Authority provides certain health care benefits for retired employees (spouse and dependents are not included) under third-party insurance plans.

Benefits Provided **–** The Authority pays the minimum of PEMHCA community rated plans for retired employees' medical premiums, in which the benefits continue to the surviving spouse. The Authority will also provide a longevity stipend for retired employees who have at least 10 years of service, by paying up to the PERSC are single premium for single coverage only.

For the year ended June 30, 2020, the Authority's contributions to the Plan were $91,319.

Employees Covered by Benefit Terms **–** Membership in the plan consisted of the following at the measurement date of June 30, 2020:

Active plan members	16
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	2
Total	21

B. *Net OPEB Asset*

Actuarial Methods and Assumptions **–** The Authority's net OPEB asset was measured as of June 30, 2019 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2019, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2019
Measurement Date	June 30, 2019
Actuarial Assumptions:	
Discount Rate	6.75%
Long-Term Net Rate of Return	6.75%
Inflation	2.75%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2019
Medical Trend	-Non-Medicare - 7.5% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years -Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4.0% in 2076 and later years

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The long-term expected rate of return on OPEB plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of OPEB plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	59%	4.82%
Fixed Income	25%	1.47%
TIPS	5%	1.29%
Commodities	3%	0.84%
REITs	8%	3.76%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Net Rate of Return, Rounded		6.75%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

C. *Changes in Net OPEB Liability (Asset)*

The changes in the net OPEB liability (asset) follows:

	Increase (Decrease)		
	Total OPEB Liability (a)	Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2019 (June 30, 2018 measurement date)	$779,750	$849,461	($69,711)
Changes Recognized for the Measurement Period:			
Service cost	71,170		71,170
Interest	57,170		57,170
Benefit changes	(318,925)		(318,925)
Difference between expected and actual experience	(69,195)		(69,195)
Changes of assumptions	29,188		29,188
Contributions from the employer		91,319	(91,319)
Net investment income		54,997	(54,997)
Benefit payments and refunds	(7,919)	(7,919)	-
Administrative expenses		(229)	229
Net Changes	(238,511)	138,168	(376,679)
Balance at June 30, 2019 (June 30, 2019 measurement date)	$541,239	$987,629	($446,390)

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Detailed information about the OPEB plan's fiduciary net position is available in the separately issued plan financial report that may be obtained from CERBT. The benefit payments and refunds include implied subsidy benefit payments in the amount of $3,610.

D. Sensitivity of the Net OPEB Liability/(Asset) to Changes in the Discount Rate and Healthcare Cost Trend Rates

The following presents the net OPEB asset of the Authority, as well as what the Authority's net OPEB liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current discount rate:

	Plan's Net OPEB Liability/(Asset)		
	Discount Rate -1% (5.75%)	Current Discount Rate (6.75%)	Discount Rate +1% (7.75%)
Net OPEB Liability	($363,916)	($446,390)	($513,671)

The following presents the net OPEB liability/(asset) of the Authority, as well as what the Authority's net OPEB liability/(asset) would be if it were calculated using healthcare cost trend rates that are 1-percentage-point lower or 1-percentage-point higher than the current healthcare cost trend rates:

	Plan's Net OPEB Liability/(Asset)		
	Decrease -1%	Current Healthcare Cost Trend Rates	Increase +1%
Net OPEB Liability	($530,476)	($446,390)	($339,478)

E. OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended June 30, 2020, the Authority recognized OPEB expense of ($256,612). At June 30, 2020, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Employer contributions made subsequent to the measurement date	$82,310	
Difference between expected and actual experience		$61,149
Changes in assumptions	25,794	
Net difference between projected and actual earnings on plan investments		10,086
Total	$108,104	$71,235

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

The $82,310 reported as deferred outflows of resources related to contributions subsequent to the measurement date will be recognized as a increase of the OPEB asset in the year ended June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to OPEB will be recognized as part of OPEB expense as follows:

Measurement Period Ended June 30	Annual Amortization
2021	($8,529)
2022	(10,529)
2023	(5,530)
2024	(4,106)
2025	(4,652)
Thereafter	(12,095)
Total	($45,441)

NOTE 11 – COMMITMENTS AND CONTINGENCIES

The Authority participates in Federal and State and local grant programs. These programs have been audited by the Authority's independent auditors, in accordance with the provisions of the Federal Single Audit Act as amended and applicable State requirements. No cost disallowances were proposed as a result of these audits; however, these programs are still subject to further examination by the grantors and the amount, if any, of expenditures which may be disallowed by the granting agencies cannot be determined at this time. The Authority expects such amounts, if any, to be immaterial.

At June 30, 2020, the Authority had made commitments for the following projects:

Purchase New Commuter Class High-Speed Vessel	$14,488,426
Purchase Replacement Vessel - MV Bay Breeze & MV Vallejo	36,594
Vessel Engine Overhaul - MV Argo & MV Carina	64,135
Install Mooring Piles - Harbor Bay Terminal	29,069
Central Bay Operations & Maintenance Facility	21,054
San Francisco Downtown Ferry Terminal Expansion	234,774
Total	$14,874,052

NOTE 12 – SUBSEQUENT EVENT

In September 2019, the Authority's Board of Directors (Board) adopted the San Francisco Bay Area Water Emergency Transportation Authority Retirement Plan (Retirement Plan), the San Francisco Bay Area Water Emergency Transportation Authority Replacement Benefits Plan (Replacement Benefits Plan) and related Trust Agreements to restructure funding of the Authority's existing longevity stipend benefits. The Board also authorized staff to take actions to support the implementation of these plans, which provide monthly stipend to eligible retirees to support medical costs in retirement.

NOTE 12 – SUBSEQUENT EVENT (CONTINUED)

To implement these plans, staff engaged the services of Bartel & Associates, LLC to develop an actuarial estimated of the Authority's benefit liability for each plan. The results of the actuarial valuation, dated June 30, 2019, indicate a net obligation of $2,669,030 for both plans as of June 30, 2020. This report further indicates that pre-funding the obligation through an investment of $1,838,503, which is reflected in Authority's FY 2019/20 Finance Statements, would reduce this liability to zero. Also, as a newer agency, with a limited retirement obligation at this time, pre-funding the Authority's obligation now represents a smart approach to the long-term financial health and management of the Authority's operating expense.

Authority staff investigated options for pre-funding the retirement obligation in consultation with agency legal counsel from Hanson Bridgett LLP. Based on this work, the Authority established single employer Internal Revenue Code (IRC) Section 401(a)-compliant trust and investment accounts for the Retirement Plan and the Replacement Benefits Plan with U.S. Bank Institutional Trust and Custody in August 2020.

REQUIRED SUPPLEMENTARY INFORMATION

SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years*
SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY/(ASSET) AND RELATED RATIOS

Measurement Date	**6/30/2014**	**6/30/2015**	**6/30/2016**	**6/30/2017**	**6/30/2018**	**6/30/2019**
Plan's Proportion of the Net Pension Liability/(Asset)	0.010204%	0.016026%	0.011107%	0.007533%	-0.002877%	0.002546%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$748,940	$439,655	$385,835	$296,963	($108,435)	$101,947
Plan's Covered Payroll	$1,217,627	$1,363,751	$1,453,752	$1,597,597	$1,597,597	$1,744,351
Plan's Proportionate Share of the Net Pension Liability/(Asset) as a Percentage of it's Covered-Employee Payroll	61.51%	32.24%	26.54%	18.59%	-6.79%	5.84%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability	81.15%	79.89%	75.87%	75.39%	77.69%	77.73%

* Fiscal year 2015 was the 1st year of implementation

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2020
Last 10 Years*
SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2015	6/30/2016	6/30/2017	6/30/2018	6/30/2019	6/30/2020
Actuarially determined contribution	$222,396	$434,477	$391,333	$516,162	$202,432	$245,274
Contributions in relation to the actuarially determined contributions	(222,396)	(434,477)	(391,333)	(516,162)	(202,432)	(245,274)
Contribution deficiency (excess)	$0	$0	$0	$0	$0	$0
Covered payroll	$1,363,751	$1,453,752	$1,597,597	$1,744,351	$1,890,469	$2,184,929
Contributions as a percentage of covered payroll	16.31%	29.89%	24.50%	29.59%	10.71%	11.23%
Notes to Schedule						
Valuation date:	6/30/2013	6/30/2014	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Methods and assumptions used to determine contribution rates:						
Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	7.5%, net of pension plan investment and administrative expenses, including inflation	7.5%, net of pension plan investment and administrative expenses, including inflation	7.65%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2
Mortality	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..

* Fiscal year 2015 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET OPEB LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2020

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB)
Agent Multiple Employer Plan

Measurement period	June 30, 2017	June 30, 2018	June 30, 2019
Total OPEB liability			
Service cost	$67,000	$69,097	$71,170
Interest	44,000	49,653	
Benefit changes			(318,925)
Differences between expected and actual experience			(69,195)
Assumption changes			29,188
Benefit payments	(10,000)	(11,000)	(7,919)
Changes of benefit terms			57,170
Net change in total OPEB liability	101,000	107,750	(238,511)
Total OPEB liability - beginning	571,000	672,000	779,750
Total OPEB liability - ending (a)	$672,000	$779,750	$541,239
OPEB fiduciary net position			
Contributions - employer	$194,000	$88,000	$91,319
Contributions - employee			
Net investment income	50,000	55,796	54,997
Benefit payments	(10,000)	(11,000)	(7,919)
Administrative expense		(1,335)	(229)
Other changes			
Net change in plan fiduciary net position	234,000	131,461	138,168
Plan fiduciary net position - beginning	484,000	718,000	849,461
Plan fiduciary net position - ending (b)	$718,000	849,461	$987,629
Plan net OPEB liability (asset) - ending (a) - (b)	($46,000)	($69,711)	($446,390)
Plan fiduciary net position as a percentage of the total OPEB liability	106.85%	108.94%	182.48%
Covered payroll	$1,598,000	$1,746,000	$1,890,469
Plan net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A

*Fiscal year 2018 was the 1st year of implementation.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2020

Last Ten Fiscal Years *

Other Post-Employment Benefits (OPEB) - Agent Multiple Employer Plan

	2017-18	2018-19	2019-20
Actuarially determined contribution	$74,000	$83,354	$69,147
Contributions in relation to the actuarially determined contribution	88,000	91,319	82,310
Contribution deficiency (excess)	($14,000)	($7,965)	($13,163)
Covered payroll	$1,746,000	$1,890,469	$2,185,976
Contributions as a percentage of covered payroll	5.04%	4.83%	3.77%

*Fiscal year 2018 was the 1st year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2017	June 30, 2017	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay	Level percentage of pay
Actuarial Value of Assets	Investment gains and losses spread over 5- year rolling period Not less than 80% not more than 120% of the Market Value of Assets	Investment gains and losses spread over 5- year rolling period	Investment gains and losses spread over 5- year rolling period
Discount Rate	6.75%	6.75%	6.75%
General Inflation	2.75%	2.75%	2.75%
Aggregate Payroll Increases	3.00%	3.00%	3.00%
Medical Trend	Non-Medicare - 7.0% for 2017/18, decreasing to an ultimate rate of 5.5% in 2020/21 Medicare - 7.2% for 2017/18, decreasing to an ultimate rate of 5.6% in 2020/21	Non-Medicare - 7.0% for 2019, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.5% for 2019, decreasing to an ultimate rate of 4% in 2076	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076 Medicare - 6.3% for 2021, decreasing to an ultimate rate of 4% in 2076
Mortality, Retirement, Termination & Disability	CalPERS 1997-2011 experience study	CalPERS 1997-2011 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2017	Scale MP-2017	Scale MP-2019

*Fiscal year 2018 was the 1st year of implementation.

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Attachment C

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2020

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY

SINGLE AUDIT REPORT
For The Year Ended June 30, 2020

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY

SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2020

SECTION I – SUMMARY OF AUDITOR'S RESULTS

Financial Statements

Type of report the auditor issued on whether the financial statements audited were prepared in accordance with GAAP	Unmodified			
Internal control over financial reporting:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported
Noncompliance material to financial statements noted?		Yes	X	No

Federal Awards

Internal control over major federal programs:				
• Material weakness(es) identified?		Yes	X	No
• Significant deficiency(ies) identified?		Yes	X	None Reported
Type of auditor's report issued on compliance for major federal programs:	Unmodified			
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?		Yes	X	No

Identification of major program(s):

CFDA#(s)	Name of Federal Program or Cluster
20.505, 20.507 and 20.525	Federal Transit Cluster
20.205	Highway Planning and Construction

Dollar threshold used to distinguish between type A and type B programs: $750,000

Auditee qualified as low-risk auditee?	X	Yes		No

SECTION II – FINANCIAL STATEMENT FINDINGS

Our audit did not disclose any significant deficiencies, or material weaknesses or instances of noncompliance material to the basic financial statements. We have also issued a separate Memorandum on Internal Control dated November 13, 2020 which is an integral part of our audits and should be read in conjunction with this report.

SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS

Our audit did not disclose any findings or questioned costs required to be reported in accordance with Uniform Guidance.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the Fiscal Year Ended June 30, 2020

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Identifying Number	Federal Expenditures
U.S. Department of Transportation Direct Programs:			
Highway Planning and Construction			
San Francisco Ferry Terminal/Berthing Facilities	20.205		$3,898,659
Subtotal U.S. Department of Transportation Direct Programs:			3,898,659
Federal Transit Cluster			
Department of Transportation, Federal Transit Administration (FTA) Pass-Through			
Metropolitan Transportation Planning & State & Non-Metropolitan Planning & Research			
MTC's FY2018-19 Section 5303 Grant	20.505	A740814	30,000
Subtotal FTA - Metro Transportation Planning Pass-Through			30,000
Federal Transit Formula Grants Direct Programs:			
FY18 Ferry Vessel Construction and Major Component Maintenance	20.507		$9,046,231
WETA FFY20 5307-6 CARES Act Grant - Operating Assistance	20.507		3,099,597
Subtotal FTA - Federal Transit Formula Grants Direct Programs			12,145,828
State of Good Repair Grants Direct Programs:			
FY2014 - 5337 Capital	20.525		83,584
FY2016 Ferry Capital Rehabilitation and Replacement	20.525		2,703,968
FY18 Ferry Vessel Construction and Major Component Maintenance	20.525		1,184,188
Ferry Vessel Rebuild - M/V Solano	20.525		381,300
FY2019 Section 5337 Capital Projects	20.525		168,293
Subtotal FTA - State of Good Repairs Grants Direct Programs			4,521,333
Total Federal Transit Cluster			16,697,161
Total Department of Transportation and Expenditures of Federal Awards			**$20,595,820**

See Accompanying Notes to Schedule of Expenditures of Federal Awards

NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2020

NOTE 1 – REPORTING ENTITY

The Schedule of Expenditure of Federal Awards (the Schedule) includes expenditures of federal awards for the San Francisco Bay Area Water Emergency Transportation Authority, California and its component units as disclosed in the notes to the Basic Financial Statements.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting refers to *when* revenues and expenditures or expenses are recognized in the accounts and reported in the financial statements, regardless of the measurement focus applied. All proprietary funds are accounted for using the accrual basis of accounting. Expenditures of Federal Awards reported on the Schedule are recognized when incurred.

NOTE 3 – INDIRECT COST ELECTION

The Authority has elected not to use the 10% de minimis indirect cost rate allowed under the Uniform Guidance.

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

To the Honorable Members of the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority) as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements, and have issued our report thereon dated November 13, 2020.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the Authority's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control such that there is a reasonable possibility that a material misstatement of the Authority's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether the Authority's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 13, 2020, which is an integral part of our audit and should be read in conjunction with this report.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the Authority's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
November 13, 2020

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM; REPORT ON INTERNAL CONTROL OVER COMPLIANCE; AND REPORT ON THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Members of the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Compliance for Each Major Federal Program

We have audited San Francisco Bay Area Water Emergency Transportation Authority's (Authority) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the Authority's major federal programs for the year ended June 30, 2020. The Authority's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the Authority's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Each Major Federal Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2020.

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Report on Internal Control Over Compliance

Management of the Authority is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

We have audited the financial statements of the Authority as of and for the year ended June 30, 2020, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 13, 2020, which contained an unmodified opinion on those financial statements. Our audit was conducted for the purpose of forming an opinion on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule of expenditures of federal awards is fairly stated in all material respects in relation to the financial statements as a whole.

Maze + Associates

Pleasant Hill, California
November 13, 2020

Attachment D

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEASURE B FUND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2020

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
Financial Statements
For the Year Ended June 30, 2020

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission-Measure B Funds (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure B Program as of June 30, 2020, and the change in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Measure B Program and are not intended to present fairly the financial position and results of operations of the San Francisco Bay Area Water Emergency Transportation Authority, in accordance with generally accepted accounting principles in the United States of America.

The emphasis of this matter does not constitute a modification to our opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
November 13, 2020

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUND

BALANCE SHEET
JUNE 30, 2020

	Mass Transit
ASSETS	
Cash and Investments	$2,918,023
Measure B Direct Local Distribution Program Receivable	186,816
Interest Receivable	103
Total Assets	$3,104,942
LIABILITIES	
Accounts Payable	$2,663,012
Total Liabilities	2,663,012
FUND BALANCE	
Restricted for Measure B Programs and Projects	441,930
Total Fund Balance	441,930
Total Liabilities and Fund Balance	$3,104,942

See accompanying notes to financial statements.

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE B FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	Mass Transit
REVENUES:	
Direct Local Distribution Funds Allocation	$1,128,395
Interest Earned - Measure B Distribution	18,950
Total Revenues	1,147,345
EXPENDITURES:	
Construction:	
Seaplane Lagoon Ferry Terminal	2,000,000
Harbor Bay Ferry Services	982,720
Mid-Life Refurbishment - M/V Peralta	43,466
Total Expenditures	3,026,186
NET CHANGE IN FUND BALANCE	(1,878,841)
FUND BALANCE:	
Beginning Fund Balance	2,320,771
Ending Fund Balance	$441,930

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Commission – Measure B Funds (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), are included in the basic financial statements of the Authority. Measure B Program is used to account for the Authority's share of the net revenues generated by the Measure B sales tax and expenditures incurred under the Authority's mass transit program.

In fiscal year 2011, the transfer of the Alameda/Oakland Ferry Service and the Alameda Harbor Bay Ferry Service from the City of Alameda and the Alameda Reuse and Redevelopment Authority to the Authority included Measure B monies. Measure B monies are used to finance the facilities and operations of the Alameda ferry services.

The accompanying financial statements are for the Measure B Program only and are not intended to fairly present the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting – The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

Use of Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Cash and investments consisted of $2,918,023 in money market funds. Money market funds are reported at amortized cost as indicated in GASB 72 paragraph 69c.

See the Authority's Basic Financial Statements (BFS) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The BFS may be obtained from the San Francisco Bay Area Water Emergency Transportation Authority, Pier 9, Suite 111, San Francisco, CA 94111.

4. MEASURE B PROGRAM

On November 7, 2000, the voters of Alameda County approved the reauthorization of Measure B. The Authority receives a portion of the proceeds of an additional one-half cent sales tax to be used for transportation – related expenditures. This measure was adopted with the intention that the funds generated by the additional sales tax would not fund expenditures previously paid for by property taxes but, rather, would be used for additional projects and programs.

Projects funded by Measure B were as follows:

Mid-Life Refurbishment – M/V Peralta
Harbor Bay Ferry Services
Seaplane Lagoon Ferry Terminal

INDEPENDENT AUDITOR'S REPORT ON MEASURE B COMPLIANCE

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Compliance for Measure B Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Transportation Commission - Measure B Fund (Measure B Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2020 and the related notes to the financial statements, and have issued our report thereon dated November 13, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to Measure B funds as specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure B funds based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure B Program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure B Program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Measure B Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Measure B Program for the year ended June 30, 2020.

Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on Measure B to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure B Program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure B on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have also issued a separate Memorandum on Internal Control dated November 13, 2020 which is an integral part of our audit and should be read in conjunction with this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
November 13, 2020

Attachment E

**SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY**

**MEASURE BB FUND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2020

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
Financial Statements
For the Year Ended June 30, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Financial Statements

We have audited the accompanying financial statements of the Alameda County Transportation Commission-Measure BB Fund (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2020, and the related notes to the financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing such an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statement.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Measure BB Program as of June 30, 2020, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of a Matter

As discussed in Note 1, the financial statements present only the Measure BB Program and are not intended to present fairly the financial position and results of operations of the San Francisco Bay Area Water Emergency Transportation Authority, in accordance with generally accepted accounting principles in the United States of America.

The emphasis of this matter does not constitute a modification to our opinion.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated November 13, 2020 on our consideration of the Authority's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Authority's internal control over financial reporting and compliance.

Maze + Associates

Pleasant Hill, California
November 13, 2020

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB FUND

BALANCE SHEET
JUNE 30, 2020

	Mass Transit
ASSETS	
Cash and Investments	$1,732,603
Measure BB Direct Distribution Program Receivable	121,966
Measure BB Direct Distribution Program Interest Receivable	59
Total Assets	$1,854,628
LIABILITIES	
Accounts Payable	$22,763
Total Liabilities	22,763
FUND BALANCE	
Restricted for Measure BB Programs and Projects	1,831,865
Total Fund Balance	1,831,865
Total Liabilities and Fund Balance	$1,854,628

See accompanying notes to financial statements.

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
ALAMEDA COUNTY TRANSPORTATION COMMISSION - MEASURE BB FUND

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN
FUND BALANCE
FOR THE YEAR ENDED JUNE 30, 2020

	Mass Transit
REVENUES:	
Direct Local Distribution Funds Allocation	$736,134
Interest Earned - Measure BB Distribution	11,613
Total Revenues	747,747
EXPENDITURES:	
Construction:	
Replacement Vessel - M/V Bay Breeze	16,926
Quarter-Life Refurbishment - M/V Scorpio	529,088
Total Expenditures	546,014
NET CHANGE IN FUND BALANCE	201,733
FUND BALANCE:	
Beginning Fund Balance	1,630,132
Ending Fund Balance	$1,831,865

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

Reporting Entity – All transactions of the Alameda County Transportation Commission – Measure BB Funds (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), are included in the basic financial statements of the Authority. The Measure BB Program is used to account for the Authority's share of the net revenues generated by the Measure BB sales tax and expenditures incurred under the Authority's mass transit program.

The accompanying financial statements are for the Measure BB Program only and are not intended to fairly present the financial position, results of operations and cash flows of the Authority in conformity with accounting principles generally accepted in the United States of America.

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

Basis of Accounting – The Authority uses an enterprise fund format to report its activities for financial statement purposes. The Authority's financial statements are reported using the *economic resources measurement focus* and the full *accrual basis* of accounting. Revenues are recorded when *earned* and expenses are recorded at the time liabilities are *incurred*, regardless of when the related cash flows take place.

Fair Value Measurements – Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. The Authority categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels based on the extent to which inputs used in measuring fair value are observable in the market.

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
>
> Level 2 inputs are inputs – other than quoted prices included within level 1 – that are observable for an asset or liability, either directly or indirectly.
>
> Level 3 inputs are unobservable inputs for an asset or liability.

If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Use of Estimates – Management uses estimates and assumptions in preparing the financial statements. Those estimates and assumptions affect the reported amounts of assets and liabilities, the disclosures of contingent assets and liabilities, and the reported revenues and expenses. Actual results could differ from those estimates.

3. CASH AND INVESTMENTS

Cash and investments consisted of $1,732,603 in money market funds. Money market funds are reported at amortized cost as indicated in GASB 72 paragraph 69c.

See the Authority's Basic Financial Statements (BFS) for disclosures related to cash and investments as prescribed by Governmental Accounting Standards Board Statement No. 40. The BFS may be obtained from the San Francisco Bay Area Water Emergency Transportation Authority, Pier 9, Suite 111, San Francisco, CA 94111.

4. MEASURE BB PROGRAM

On November 4, 2014, the voters of Alameda County approved Measure BB, authorizing Alameda County Transportation Commission (CTC) to administer the proceeds from the extension of an existing one-half of one percent transaction and use tax scheduled to terminate on March 31, 2022 and the augmentation of the tax by one-half of one percent. The duration of the tax will be for 30 years from the initial year of collection, expiring on March 31, 2045. The tax proceeds will be used to pay for investments outlined in the 2014 Alameda County Transportation Expenditure Plan (2014 TEP).

Projects funded by Measure B were as follows:

Replacement Vessel – M/V Bay Breeze
Quarter-Life Refurbishment – M/V Scorpio

INDEPENDENT AUDITOR'S REPORT ON MEASURE BB COMPLIANCE

To the Board of Directors
San Francisco Bay Area Water Emergency Transportation Authority
San Francisco, California

Report on Compliance for Measure BB Program

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the basic financial statements of the Alameda County Transportation Commission - Measure BB Funds (Measure BB Program) of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), as of and for the year ended June 30, 2020 and the related notes to the financial statements, and have issued our report thereon dated November 13, 2020.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants' requirements related to Measure BB funds as specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for the Measure BB funds based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and requirements specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Those standards and requirements require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on Measure BB Program occurred. An audit includes examining, on a test basis, evidence about the Authority's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for the Measure BB Program. However, our audit does not provide a legal determination of the Authority's compliance.

Opinion on Measure BB Program

In our opinion, the Authority complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on the Measure BB Program for the year ended June 30, 2020.

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Report on Internal Control Over Compliance

Management is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the Authority's internal control over compliance with the types of requirements that could have a direct and material effect on Measure BB to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for the Measure BB Program and to test and report on internal control over compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the Authority's internal control over compliance.

A *deficiency in internal control over compliance* exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of Measure BB on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

We have also issued a separate Memorandum on Internal Control dated November 13, 2020 which is an integral part of our audit and should be read in conjunction with this report.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements, specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission. Accordingly, this report is not suitable for any other purpose.

Maze + Associates

Pleasant Hill, California
November 13, 2020

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-45

RECEIVE THE INDEPENDENT AUDITORS' REPORTS FOR THE YEAR ENDING JUNE 30, 2020 AS SUBMITTED BY MAZE & ASSOCIATES

WHEREAS, Section 106.6 of the WETA Administrative Code requires the preparation of annual audit reports by an independent auditor consistent with California Government Code Section 66540.54; and

WHEREAS, Maze & Associates (Maze) is currently in contract with WETA to perform its annual audits; and

WHEREAS, the Independent Auditors' Reports for the fiscal year ending June 30, 2020, prepared by Maze, include the following reports: Memorandum on Internal Control and Required Communications; Basic Financial Statements; Single Audit Report; Measure B Fund Financial Statements; and Measure BB Fund Financial Statements; and

WHEREAS, these reports were presented to the Board by a representative of Maze at the December 10, 2020 Board of Directors meeting; now, therefore, be it

RESOLVED, that the Board of Directors hereby takes action to receive the Independent Auditors' Reports for the fiscal year ending June 30, 2020 as submitted by Maze & Associates, including the following:

(a) Memorandum on Internal Control and Required Communications;
(b) Basic Financial Statements;
(c) Single Audit Report;
(d) Measure B Fund Financial Statements; and
(e) Measure BB Fund Financial Statements.

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 December 10, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

____

/s/ Board Secretary
2020-45
END

AGENDA ITEM 10
MEETING: December 10, 2020

MEMORANDUM

TO: **Board Members**

FROM: **Nina Rannells, Executive Director**
Kevin Connolly, Planning & Development Manager
Chad Mason, Senior Planner/Project Manager
Taylor Rutsch, Transportation Planner

SUBJECT: **Receive Final WETA Hovercraft Feasibility Study**

Recommendation
Receive the final WETA Hovercraft Feasibility Study provided with this report.

Background
In 2011, WETA engaged URS to conduct an initial feasibility study regarding the possibility of using hovercraft to serve terminals primarily along the Carquinez Straight. The study concluded that some routes could be feasible but that further study was needed.

In February 2019, the WETA Board directed staff to develop a scope of work for studying hovercraft as a possible alternative technology for delivering new ferry service and requested that this study work be included in WETA's FY 2019/20 work program. In April 2019, staff presented a preliminary scope for a hovercraft feasibility study and received input from the WETA Board and comments from the public. In June 2019, staff presented a revised final scope of work to the Board and received authorization to release a Request for Proposals (RFP) for consulting services to conduct the study. The Board authorized award of a contract to AECOM for the study work in September 2019.

Discussion
Study Purpose:
The purpose of the hovercraft feasibility study is to provide an update of hovercraft technology and costs from the 2011 study and to further investigate the potential to implement hovercraft services in the greater San Francisco Bay Area.

Study Process:
The study work was completed in two phases as follows:

1. Phase 1: This work included general investigations of hovercraft technology and Bay Area environmental and operational constraints impacting hovercraft feasibility. A key output from Phase 1 was a list of 12 routes for refined analysis.
2. Phase 2: This work included route-specific analysis of operating and capital costs, environmental impacts, ridership demand, potential terminal sites, and funding and financing opportunities.

Stakeholder Input:
WETA assembled two advisory committees to provide input to the study work including a Technical Advisory Committee made up of public and regulatory agencies that would likely be involved in future hovercraft project approvals and a Stakeholder Advocacy Committee made

up of interested parties from the private, non-profit, and public sectors. Both committees met regularly throughout the course of the study. In addition, small group meetings with city staff and some major employers were held to better understand localized conditions and receptivity to the hovercraft technology. ***Attachment A*** provides a summary of the stakeholder outreach meetings conducted over the course of the study.

WETA Board Briefings:
The consultant team provided two status reports to the Board as the study was developed. In March 2020, the consultants presented an update of the 2011 study that considered current hovercraft technology, operating and capital costs, and ridership potential. In June 2020, 12 corridors were proposed for in-depth study including higher-level ridership estimates along with capital cost estimates for terminals and facilities in the 12 identified corridors.

Primary Findings:
The primary findings of the Hovercraft Feasibility Study as summarized in the Executive Summary are as follows:

- Hovercraft are technically feasible to operate on San Francisco Bay, but expensive. Whether or not they are economically feasible in the Bay Area depends on the characteristics of each route, ridership base level of tolerance for high fares, and the level of potential funding available to offset operating costs. Routes that combine high market demand (which allows for high craft utilization and high fares) with relatively short trip time, enabling the most passenger trips per labor shift, would have the greatest appeal from an economic standpoint.

- Hovercraft are very versatile, from an operating perspective, and can reach many places for emergency evacuation services that cannot be reached by traditional ferries.

- Some hovercraft models are quieter and more fuel-efficient than they were 9 years ago. The relevant size of hovercraft is about 75 to 80 passengers, with a cruising speeds of 35 to 38 knots (kn). This is based on the same Griffon 12000TD hovercraft model used in the UK’s Isle of Wight service. This craft has been optimized for improved fuel, noise, and maintenance cost performance and thus has a better cost and environmental performance than larger craft of older design.

- Hovercraft are significantly smaller and not much faster than the San Francisco Water Emergency Transportation Authority’s (WETA’s) fastest catamarans. WETA catamarans can carry 250 to 445 passengers versus 75 to 80 passengers for the hovercraft analyzed in this study. Hovercraft cannot effectively use deep-water docks as-is. This, and the higher operating costs of hovercraft compared to traditional catamarans, led to the elimination of routes that can be served with traditional boats.

- Tier 4 engines would be required for any new hovercraft service in the Bay Area. Griffon’s 12000TD hovercraft includes Tier 4 equivalent engines, another reason for its selection as a base craft for consideration of feasibility. Hovercraft generate significantly more air emissions per than catamarans. For example, they generate 340 percent more carbon dioxide (CO_2) than catamarans per passenger trip. Electric hovercraft is not expected to be viable in the foreseeable future, so this air-quality impact would likely remain an issue for years to come.

- The South Bay, with its naturally shallow water and large number of employers who are not well served by transit, is a natural target for hovercraft service. However, a great deal of the South Bay shoreline is protected wildlife areas and establishing hovercraft routes through these protected areas is unlikely to be feasible. Additionally, if rail service over the Dumbarton rail bridge resumes, access to terminals in the South Bay could be cut off. Finally, long serpentine sloughs through which hovercraft would have to travel are an operational barrier, requiring long transits at slow speeds; hovercraft are not operationally feasible at all in the most constrained locations. As a result of these factors, the South Bay past the Dumbarton rail bridge was eliminated from consideration in Phase 2.

- The complexity of operating and maintaining hovercraft, as well as training new captains and maintenance staff, would be a key challenge when starting a new hovercraft service. Hovercraft would require new dedicated maintenance and overnight storage facilities. Maintenance staff and captains would also require different skill sets and training than current WETA staff.

- If any specific route or combination of routes were to be pursued by WETA, a programmatic Environmental Impact Report (EIR) pursuant to the California Environmental Quality Act (CEQA) would be required to analyze impacts to the physical, natural, and human environment in more detail. For example, some of the potential routes and terminal locations identified in this study are proximate to sensitive habitats used by special-status species, and the potential impacts of hovercraft noise and operation on such resources would require further study on a site-specific basis. It is important to keep in mind that any of the routes analyzed in this study would introduce new impacts in new geographic areas because an objective of this hovercraft study is to assess the feasibility of expanding the geography of WETA’s existing service network through hovercraft use.

- Funding and financing would be a challenge for a hovercraft service. Conventional sources of public transit funding and financing require higher ridership and more cost-effective operating ratios than hovercraft can provide.

- Hovercraft service would be more expensive to operate than typical WETA ferry service and would likely draw high-earning commuters as its primary ridership. Social equity would need to be considered in developing new services and tactics such as providing discounts for low-income riders should be considered as a part of the overall program.

- There appears to be some corporate interest in new nonroad commuter options. Genentech, for example, is currently operating a private ferry service, and other companies have either run pilot programs or considered ferry transportation. There may be opportunities for public private partnerships to help defray the costs of potential hovercraft routes near major employers.

The consultant will present results of the Hovercraft Feasibility Study at the December 2020 Board meeting.

Fiscal Impact
There is no fiscal impact associated with receiving this report.

END

Attachment A

Hovercraft Feasibility Study Stakeholder Outreach Meetings

Date	Workshop/ meeting name	Topic	# Attendees
2/26/2020	Technical Advisory Workshop #1	Introduce project team. Overview of study purpose and process, and of existing hovercraft technology. Summary of existing WETA operations.	19
2/26/2020	Stakeholder Advocacy Workshop #1	Introduce project team. Overview of study purpose and process, and of existing hovercraft technology. Summary of existing WETA operations.	19
5/14/2020	Technical Advisory Workshop #1	Presentation of cost model and route selection methodology. Introduction of long list of routes under consideration. Gathered feedback from technical advisors on routes feasibility.	15
5/15/2020	Stakeholder Advocacy Workshop #1	Presentation of cost model and route selection methodology. Introduction of long list of routes under consideration. Gathered feedback from stakeholders on preferred routes.	23
9/1/2020	Technical Advisory Workshop #1	Provide an update on the operations analysis, ridership modeling, capital expenditure analysis, and environmental analysis. Receive feedback on the top 12 routes for consideration.	19
9/2/2020	Stakeholder Advocacy Workshop #1	Provide an update on the operations analysis, ridership modeling, capital expenditure analysis, and environmental analysis. Receive feedback on the top 12 routes for consideration.	38
7/8/2020	Meeting with City of Richmond	Discuss city interest in a hovercraft service, possible terminal locations, parking, and possible use of existing boat ramp	7
7/13/2020	Meeting with City of San Leandro	Discuss city interest in a hovercraft service, possible terminal locations near the marine, and parking/traffic issues	8
7/14/2020	Meeting with City of Alameda	Discuss city interest in a hovercraft service, possible terminal and maintenance facility locations, transit connectivity, and parking	7
7/14/2020	Meeting with City of Martinez	Discuss city interest in a hovercraft service, possible terminal locations (likely in same area planned for a ferry terminal), and parking	7
7/15/2020	Meeting with Foster City	Discuss city interest in a hovercraft service, possible terminal locations (either base of the bridge or current golf course which may be redeveloped), and transit connectivity	6
8/17/2020	Meeting with City of South San Francisco	Discuss city interest in a hovercraft service, possible terminal locations, and transit connectivity/ shuttle services	8
8/19/2020	Meeting with City of Antioch	Discuss city interest in a hovercraft service, possible terminal locations, and existing parking that can be used for a hovercraft service	7
8/21/2020	Meeting with City of Berkeley	Discuss city interest in a hovercraft service, possible terminal locations, existing parking, environmental issues, and recreational uses at the marina	8
9/11/2020	Meeting with Bay Area Council (BAC)	Discuss BAC member opinions on hovercraft services and options for funding and financing	9
9/16/2020	Meeting with Bay Planning Coalition (BPC)	Discuss BPC member opinions on hovercraft services and options for funding and financing	10
9/18/2020	Meeting with Genentech	Discuss Genentech interest in supporting a hovercraft service, their experiences with hovercraft and providing other transit services (buses and catamaran) for employees	8
10/9/2020	Meeting with Facebook	Discuss Facebook interest in supporting a hovercraft service, their experiences with studying hovercraft and providing other transit services (buses) for employees	10

AGENDA ITEM 10
RECEIVE FINAL
WETA HOVERCRAFT FEASIBILITY STUDY

ATTACHMENTS
PROVIDED SEPARATELY

COMPLETE ATTACHMENTS AVAILABLE
FOR DOWNLOAD AT

https://weta.sanfranciscobayferry.com/next-board-meeting

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-46

RECEIVE FINAL WETA HOVERCRAFT FEASIBILITY STUDY

WHEREAS, on February 7, 2019, the WETA Board of Directors directed staff to develop a scope of work for studying hovercraft as a possible alternative technology for delivering new ferry service and requested that this study work be included in WETA's 2019/20 work program; and

WHEREAS, on June 6, 2019, staff presented a revised final scope of work and received authorization to release a Request for Proposals (RFP) for consulting services to conduct the study; and

WHEREAS, on June 24, 2019, WETA issued a Request for Proposals (RFP) for consulting services to conduct the study; and

WHEREAS, on September 5, 2019, the Board of Directors awarded a contract to AECOM for Professional Services to conduct the hovercraft feasibility study; and

WHEREAS, the project team hosted three Stakeholder Advocacy and three Technical Advisory Committee meetings throughout the study to receive feedback and direction from interested stakeholders, including private, non-profit, and public entities; and

WHEREAS, on March 12, 2020, the consultant team presented an update of the 2011 study work regarding vessel technology, operating and capital costs, and ridership potential; and

WHEREAS, on June 4, 2020, the consultant team provided an update on the study work and proposed 12 corridors for in-depth study, including higher-level ridership estimates and capital cost estimates for terminals and facilities; and

WHEREAS, on December 10, 2020, the Board of Directors received a presentation of the results of the final Hovercraft Feasibility Study from the consultant team; now, therefore, be it

RESOLVED, that the Board of Directors hereby receives the final WETA Hovercraft Feasibility Study.

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 December 10, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-46

END

AGENDA ITEM 11
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

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

SUBJECT: FY 2020/21 Budget Overview, Year-to-Date and Year-End Projection

Recommendation
There is no recommendation with this informational item.

Background
The San Francisco Bay Area Water Emergency Transportation Authority (WETA) established a flexible approach to budgeting in Fiscal Year (FY) 2020/21, including a two-step budget development process followed by periodic review of revenues and expense in order to track and manage the changing financial and service landscape during the year resulting from the COVID-19 pandemic.

On May 21, 2020, the WETA Board of Directors (Board) adopted a $54.7 million baseline Operating Budget for FY 2020/21 (Baseline Budget) that reflected the programs and resources necessary to continue operating pre-pandemic levels of service and to expand to Sea Plane Lagoon in August 2020 as planned. The Baseline Budget was adopted with the understanding that staff would prepare a revised FY 2020/21 budget for Board consideration in July once more was known about the status of WETA's operating subsidies and a service recovery plan was developed for the new COVID-19 operating environment.

On June 18, 2020, the Board adopted a Service Recovery Plan that provided a framework for WETA to systematically restore ferry service operations during the year as the pandemic subsided and the economy and ridership demand recovered. This plan identified a process whereby service would be increased during the year by adding frequency or using larger vessels when ridership on a route reached 80% of the available peak-hour capacity.

On July 16, 2020, the Board approved a revised FY 2020/21 Operating Budget (Revised Budget) totaling $47.2 million, which reduced FY 2020/21 operating expense and revenues by $7.5 million for the year in order to better fit available funds and reflect anticipated reduced service costs associate with the Service Recovery Plan approach.

Operating Revenue Adjustments
Operating revenues in the Revised Budget were reduced by $7.5 million to reflect the Metropolitan Transportation Commission's (MTC) final apportionment of FY 2020/21 Regional Measure 2 (RM2) and CARES Act funds.

Regional Measure 2
The Baseline Budget included $19.5 million RM2 funds consistent with the annual amount of funds historically available to WETA from MTC to support operations. Due to the actual and anticipated reduced traffic on the state-owned Bay Area bridges that generate RM2 funds, MTC reduced RM2 operating revenues available to RM2 operators by 29.5%. This reduced WETA's share by $5.8 million to $13.7 million, which includes $11.6 million to support service operation and $2.1 million to support WETA planning and administration.

CARES Act Funds
The Baseline Budget included $17 million of CARES Act funds made up of $9 million in unspent carryover funds from FY 2019/20 and an additional $8 million from MTC's second distribution of these funds. The second distribution of funds was $1.7 million less than anticipated, requiring a reduction in this revenue source in the Revised Budget to approximately $15.3 million.

Operating Expense Reductions
The Revised Budget included a program of expense reduction strategies that incorporated savings associated with reduced and right-sized service levels as identified in WETA's Service Recovery Plan and a modified work program in other areas that fully offset the $7.5 million revenue reduction.

Recovery Service Plan
The Revised Budget reduced the service cost for crews and fuel by $6.2 million to match anticipated modified service levels and system ramp-up over the year by recovery stages as identified in the WETA Ferry Service Recovery Plan. This strategy included retaining existing crews (25 crews, 103 persons) and maintenance workers beyond the minimum level required to operate the reduced pandemic service schedule. This allowed WETA to preserve jobs and maintain a trained, service-ready workforce to operate increased services during the recovery ramp-up and ensured that WETA would be capable of fulfilling its emergency response mandate to provide services in the region as needed.

The Revised Budget assumed costs associated with implementation of increased Alameda/Oakland service, including new Seaplane Lagoon service, Harbor Bay and Richmond service by late summer, restoration of South San Francisco service in the fall, a gradual ramp up of service levels on all routes during the winter and early spring and restoration of weekend service in late spring/summer 2021. Based upon this service schedule, WETA would fully utilize the 25 retained crews in active service by March 2021 and expand the total number of crews utilized to 31 in May 2021 to support the resumption of weekend services.

Modified Work Program
In addition, a variety of other budgeted work activities were reduced or eliminated to offset the remaining $1.3 million revenue loss and approximately $1 million in new expenses associated with the new cleaning and disinfecting regiment established in light of COVID-19 including:

- Eliminate Engineering Cadet program
- Reduce budgeted overtime for Engineers
- Reduce non-essential vessel drydocks (up to 6)
- Reduce training/exercise budget (crew time covered in baseline service crews)
- Modify Vallejo Ticket Office hours/operations
- Reduce Marketing/Communications budget
    - Events, video production, creative design, campaigns
- Defer operations database modifications
- Reduce planning/consultant funds, travel, and training
- Defer Cost of Living Adjustment increase for WETA staff until at least January 1, 2021

Discussion

This item provides an overview of FY 2020/21 revenues and expense for four months ending October 31, 2020, and a year-end financial projection, as contained in ***Attachment A: Financial Outlook*** and discussed below.

Year-to-Date Budget vs Actual

Through October 31, 2020, FY 2020/21 service operating expense totaled $11.3 million, which was $4.4 million below the $15.7 million year-to-date budget (based on a straight-line analysis). Due to the prolonged length of the pandemic and its dampening effect on Bay Area travel and ferry service ridership, service levels operated at the four-month mark were less than anticipated and budgeted and service operating expense was just 72% of the year-to-date budget. Fares collected for the first four months of the year totaled $541,000, resulting in a 5.2% farebox recovery rate for the system overall.

Year-End Projection

The year-end financial projection estimates total operating expense to be $40.6 million for the year, which is $6.6 million below the Revised Budget. Fares are estimated to be $1.7 million, which is slightly below budget and represents a 4.6% farebox return for the year. The financial projection is based upon actual expenditures through October and an assumed gradual restoration of services beginning in early 2021 and continuing through the end of the fiscal year when COVID-19 vaccinations should be available and the general population is anticipated to begin to be widely inoculated and moving more freely about the region on transit. While actual service levels, ridership and expense for the balance of the year are unknown and subject to the future course of the pandemic and the associated Bay Area recovery, staff feels confident that the Revised Budget revenues are sufficient to cover anticipated costs for the year with room to spare given WETA's systematic approach to service restoration based upon ridership demand.

The Revised Budget assumed a variety of operating revenues including $2.1 million in fares (down $22.4 million from the prior year), $22.7 million in annual apportionments of funds historically available to WETA to support service operation, $15.2 million in one-time CARES Act funds and $7.2 million in carryover reserves. The combined one-time CARES Act funds and carry-over reserves, which make up $22.4 million of the Revised Budget revenues, effectively off-set the large reduction in fare revenues for the year, supporting WETA's ability to balance its budget.

In the event that no additional emergency relief funds for transit are made available from the federal or state government to support continued operation into FY 2021/22, WETA will need to proceed cautiously in preparing its FY 2021/22 service plan and budget to balance the cost and expectations for service restoration with the likelihood that service ridership, and resulting fare revenues, will take some time to rebound and historic operating subsidy apportionments may continue to lag into the new year. A FY 2020/21 year-end budget savings of $6.6 million would reduce the amount of carryover reserves required in FY 2020/21 from $7.2 million to $1 million, freeing up these funds to support system expense in FY 2021/22.

Fiscal Impact

There is no fiscal impact associated with this informational item. Staff will continue to forecast and update the financial outlook as new information becomes available.

END

Attachment A

Financial Outlook
FY2020/21

	Year-to-Date Jul 2020 to Oct 2020 Budget	Year-to-Date Jul 2020 to Oct 2020 Actual	Fiscal-Year-End Revised Budget	Fiscal-Year-End Projected Actual	Fiscal-Year-End Projected Savings
OPERATING COST					
WETA Planning & Administration	$1,000,000	$944,715	$3,000,000	$3,000,000	$0
Alameda/Oakland Ferry Service	4,020,500	3,119,752	12,061,500	10,710,400	(1,351,100)
Alameda Harbor Bay Ferry Service	1,206,067	507,677	3,618,200	2,570,600	(1,047,600)
Alameda Seaplane Lagoon Ferry Service	1,320,733	20,451	3,962,200	2,011,800	(1,950,400)
Vallejo Ferry Service	5,789,833	4,840,580	17,369,500	15,945,600	(1,423,900)
South San Francisco Ferry Service	841,433	403,072	2,524,300	1,866,800	(657,500)
Richmond Ferry Service	1,557,234	1,453,681	4,671,700	4,516,400	(155,300)
TOTAL OPERATING COST	**$15,735,800**	**$11,289,928**	**$47,207,400**	**$40,621,600**	**($6,585,800)**
OPERATING REVENUE					
Farebox Revenue	$696,467	$541,004	$2,089,400	$1,721,000	($368,400)
Alameda Harbor Bay	*$53,700*	*$0*	*$161,100*	*$80,600*	*($80,500)*
Alameda / Oakland	*$163,667*	*$134,090*	*$491,000*	*$413,000*	*($78,000)*
Alameda Seaplane Lagoon	*$68,233*	*$0*	*$204,700*	*$102,400*	*($102,300)*
Vallejo	*$380,700*	*$375,797*	*$1,142,100*	*$1,040,800*	*($101,300)*
South San Francisco	*$9,700*	*$0*	*$29,100*	*$14,600*	*($14,500)*
Richmond	*$20,467*	*$31,117*	*$61,400*	*$69,600*	*$8,200*
Local - Bridge Toll Revenue:	6,953,700	2,588,848	20,861,100	16,205,000	(4,656,100)
Regional Measure 1 - 5%, Annual Revenue	*2,371,200*	*0*	*3,374,700*	*2,457,500*	*(917,200)*
Regional Measure 1 - 5%, Operating Reserve	*0*	*0*	*3,738,900*	*0*	*(3,738,900)*
Regional Measure 2	*4,582,500*	*2,588,848*	*13,747,500*	*13,747,500*	*0*
Local - Alameda Trans Sales Tax Measure B/BB	520,433	0	1,561,300	0	(1,561,300)
Local - Contra Costa Trans Sales Tax Measure J	1,196,167	1,089,180	3,588,500	3,588,500	0
Local - Alameda Property Tax / Assessments	1,288,567	0	3,865,700	3,865,700	0
Federal CARES Act Funds	5,080,466	7,070,896	15,241,400	15,241,400	0
TOTAL OPERATING REVENUE	**$15,735,800**	**$11,289,928**	**$47,207,400**	**$40,621,600**	**($6,585,800)**
Systemwide Farebox Recovery	**4.7%**	**5.2%**	**4.7%**	**4.6%**	

AGENDA ITEM 12
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director

SUBJECT: Consider Authorizing a Cost of Living Pay Adjustment Effective January 1, 2021

Recommendation
Consider authorizing implementation of a 2.9 percent cost of living pay adjustment for WETA staff beginning January 1, 2021.

Background/Discussion
The WETA Board generally authorizes annual cost of living pay adjustments (COLA) for WETA staff as a part of the adoption of the agency's annual operating budget. This adjustment normally goes into effect on July 1 of each new fiscal year and applies to all WETA staff except the Executive Director who works under a separate contract.

The Fiscal Year (FY) 2020/21 Operating Budget, adopted on May 21, 2020 and amended on July 16, 2020, included a 2.9 percent COLA for WETA staff positions based upon a one-year (February to February) change in the Consumer Price Index (CPI) for the San Francisco Bay Area. On June 18, 2020, the Board directed the Executive Director to defer implementation of the COLA until January 1, 2021, at the earliest, as a part of a larger program of budget reduction strategies required to balance the budget to match changed operating conditions and reduced operating subsidies resulting from the pandemic.

In the previous item, staff provided the Board with a review of the FY 2020/21 budget-to-actual expenditures and a year-end financial projection. This analysis indicates that sufficient funds are available in the budget to support implementation of a staff COLA beginning January 1, 2021. This item provides an opportunity for the Board to consider authorizing implementation of the deferred FY 2020/21 COLA beginning January 1, 2021, or to provide alternative direction as desired.

Fiscal Impact
The FY 2020/21 fiscal impact of applying the 2.9 percent COLA to WETA staff wages for six months beginning January 1, 2021, is $27,300.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-47

AUTHORIZE COST OF LIVING PAY ADJUSTMENT EFFECTIVE JANUARY 1, 2021

WHEREAS, the WETA Board of Directors generally authorizes annual cost of living pay adjustments (COLA) for WETA staff (except the Executive Director who works under separate contract) as a part of the adoption of the agency's annual operating budget; and

WHEREAS, the Fiscal Year (FY) 2020/21 Operating Budget, adopted on May 21, 2020 and amended on July 16, 2020, included a 2.9 percent cost of living increase for WETA staff positions based upon a one-year (February to February) change in the Consumer Price Index for the San Francisco Bay Area; and

WHEREAS, on June 18, 2020, the Board of Directors directed the Executive Director to defer implementation of the COLA until January 1, 2021, at the earliest, as a part of a larger program of budget reduction strategies required to balance the budget to match changed operating conditions and reduced operating subsidies resulting from the pandemic; and

WHEREAS, staff anticipates the fiscal impact of applying the 2.9 percent COLA to WETA staff wages for six months beginning January 1, 2021, is $27,300; and

WHEREAS, staff has provided the Board of Directors with an overview of the FY 2020/21 budget-to-actual and a year-end financial projection indicating that sufficient funds are budgeted to support implementation of the COLA beginning January 1, 2021; now, therefore, be it

RESOLVED, that Board of Directors hereby authorizes the Executive Director to implement a 2.9 percent cost of living wage increase for WETA staff, as established in the adopted FY 2020/21 Operating Budget, beginning January 1, 2021.

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 December 10, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-47
END

AGENDA ITEM 13
MEETING: December 10, 2020

MEMORANDUM

TO: **Board Members**

FROM: **Nina Rannells, Executive Director**

SUBJECT: **Upgrade Accounting Specialist Position to Accountant**

Recommendation
Upgrade the Accounting Specialist position in the organizational chart to an Accountant with a pay range of $85,570 to $122,250.

Background/Discussion
Each annual operating budget adopted by the Board of Directors includes an organizational chart of WETA staff positions proposed for the year and a related Pay Schedule identifying the pay range for the year for these positions. The FY 2020/21 Operating Budget included a position for an Accounting Specialist, which is a mid-level accounting support position, with a pay range of $68,770 to $98,240. This position is unfilled at this time.

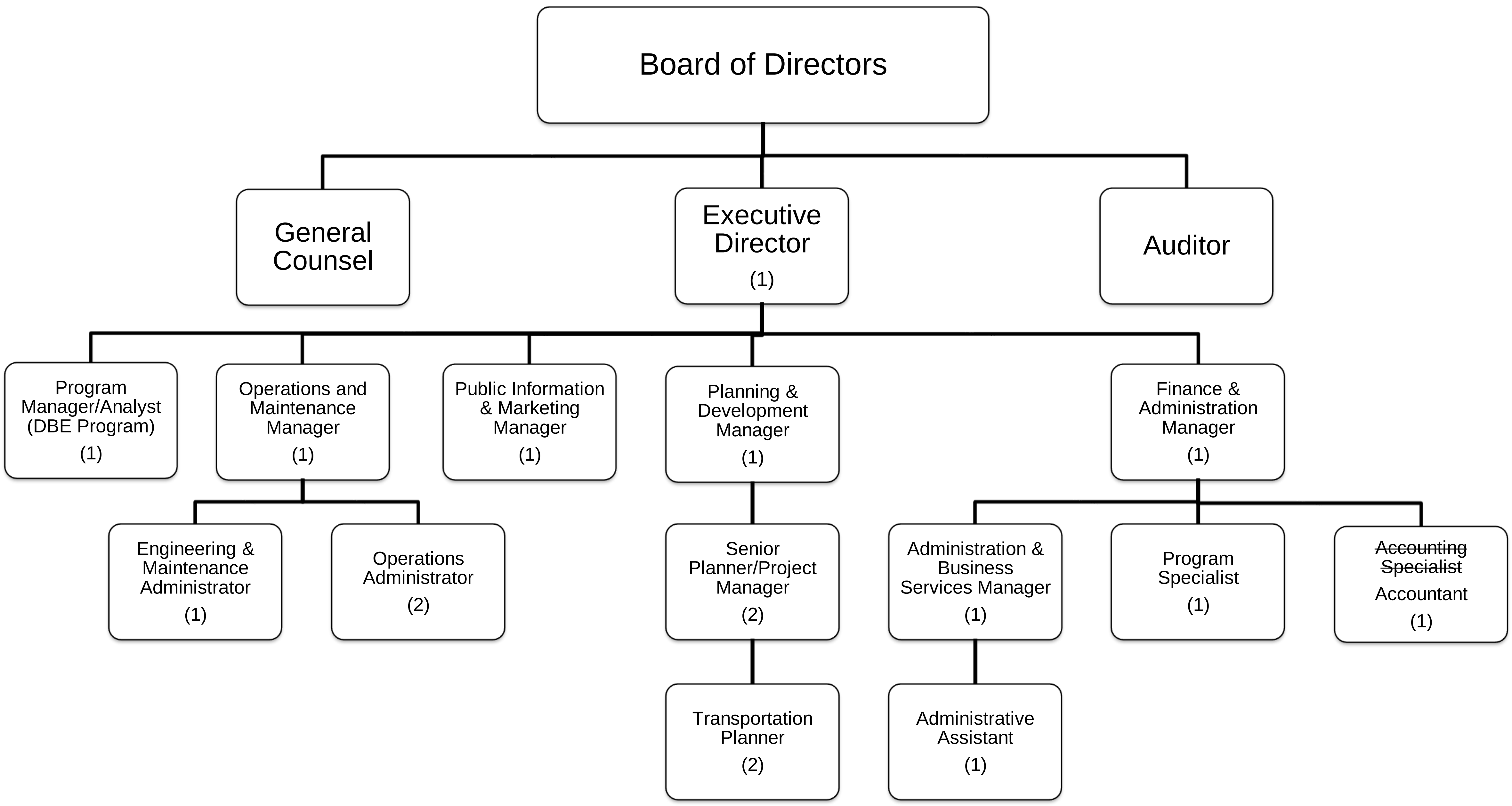
With the upcoming retirement of Lynne Yu, WETA's long-time Finance & Administration Manager, who is retiring in early 2021, the finance department at WETA will require a full complement of seasoned professionals with senior-level experience and qualifications in the areas of finance, accounting, budgeting and transportation grants to ensure that this important functional area is appropriately covered.

Staff recommends upgrading the unfilled Accounting Specialist position to an Accountant position with a pay range of $85,570 to $122,250, which is consistent with the higher level of experience needed at the agency at this time. This pay level is set consistent with the pay of experienced public sector accountants in San Francisco and aligned with other positions at WETA with a similar level of responsibility in order to provide internal pay equity. The revised organizational chart with this change is provided as ***Attachment A***.

Fiscal Impact
At the top of the range, this represents a $24,000 annual increase in WETA salaries. For FY 2020/21, the cost of this increase will only apply once the position is filled – approximately six months of the year – and the increased cost will be covered by the salary savings from the unfilled Accounting Specialist position.

END

Attachment A



SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-48
UPGRADE ACCOUNTING SPECIALIST POSITION TO ACCOUNTANT

WHEREAS, the annual operating budget adopted by the Board of Directors includes an organizational chart of WETA staff positions proposed for the year and a related Pay Schedule identifying the pay range for the year for these positions; and

WHEREAS, the Fiscal Year (FY) 2020/21 Operating Budget included a position for an Accounting Specialist, which is a mid-level accounting support position with a pay range of $68,770 to $98,240; and

WHEREAS, staff recommends upgrading the currently unfilled Accounting Specialist position to an Accountant position with a pay range of $85,570 to $122,250, which is consistent with the higher level of experience needed at the agency at this time; and

WHEREAS, at the top of the range, this represents a $24,000 annual increase in WETA salaries which would be covered by the salary savings from the unfilled Accounting Specialist position in FY 2020/21; now, therefore, be it

RESOLVED, that the Board of Directors hereby upgrades the Accounting Specialist position in the organizational chart to an Accountant with a pay range of $85,570 to $122,250.

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 December 10, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-48
END

AGENDA ITEM 14
MEETING: December 10, 2020

MEMORANDUM

TO: Board Members

FROM: Nina Rannells, Executive Director
Kevin Connolly, Planning & Development Manager
Arthi Krubanandh, Transportation Planner

SUBJECT: Review and Consider Adopting a Resolution of Support for Seamless Transit Principles

Recommendation
Review and consider adopting a resolution of support for Seamless Transit Principles as developed by Seamless Bay Area.

Background
Seamless Bay Area is a non-profit advocacy group established in 2017 that lobbies for improvements in Bay Area transit, which it characterizes as "fragmented and inconvenient". Seamless Bay Area states that it's mission is to transform the Bay Area's transit system into "a world-class, unified, equitable, and widely-used system by building a diverse movement for change and promoting policy reforms". Seamless Bay Area is funded through individual donations and by grants from private and public organizations centered in Silicon Valley. Seamless Bay Area has appealed directly to transit agency board members and Bay Area elected officials in its advocacy efforts.

The Seamless Transit Principles, provided in ***Attachment A***, are centered upon making Bay Area transit operations seamless and accessible to riders across modes and transit systems. These principles have been adopted by the BART Board and six other public agencies as well as other non-profit or private organizations.

Seamless Bay Area has worked closely with state representatives to further its vision for Bay Area transit governance reform. In California's last legislative session, Seamless Bay Area worked together with Representative David Chiu to advocate for legislation that would install new governmental oversight structures and requirements on the Bay Area's existing transit and transportation system. Due to the abbreviated legislative session resulting from the pandemic, this legislative effort was deferred.

Along a similar track, the Metropolitan Transportation Commission (MTC) has created a Blue Ribbon Transit Recovery Task Force (Task Force) to guide the future of the Bay Area's public transportation network as the region adjusts to new conditions created by the COVID-19 pandemic. The Task Force, chaired by MTC Commissioner and Solano County Supervisor Jim Spering, includes other local elected officials, state representatives, transit operators, business and labor groups and advocates including Seamless Bay Area. While WETA does not have a direct seat on the Task Force, Chair Wunderman is a participant through his role at the Bay Area Council.

At the November meeting, the Task Force adopted a set of goals to guide the development of its transformation action plan that prioritize:

> Recovery - Recognizing critical recovery challenges facing transit agencies.
>
> Equity – Integrating equity in policy, service delivery and advocacy.
>
> Network Management & Governance – Identifying near-term actions to implement beneficial long-term network management and governance reforms.
>
> Current Initiatives – Establishing how current MTC and state transit initiatives should integrate with network management and governance reforms.

Seamless Bay Area has partnered with other advocacy organizations – SPUR, Voices for Public Transit – in making presentations to the Task Force that are consistent with its mission and advocacy position and that seek to further the Task Force's work. Concurrently, Bay Area transit operators have worked collaboratively to form several working groups focused on the areas of financial sustainability, public health and safety, service and operations planning and communications in order to support the Task Force's work and discussions. All efforts are focused on the ultimate goal of defining and working towards delivering a more seamless, integrated and accessible Bay Area transit system.

Discussion

This item, which would adopt a resolution of support for the Seamless Transit Principles as developed by Seamless Bay Area, is provided for discussion and potential action by the Board of Directors at the request of Director Alba and with the support of Chair Wunderman.

WETA adopted a Strategic Plan in 2016 that contains policy goals and objectives largely consistent with the principles advocated for by the Seamless Bay Area organization but more specific to WETA's operation, expansion program and emergency response mandate. The Seamless Bay Area principles – while not WETA Board policy -- can be characterized as consistent with the spirit in which WETA was created by the State Legislature and how WETA has operated and aspires to operate as a regional operator and emergency response entity in the San Francisco Bay Area region.

Any future state legislation or regional policy actions that may be developed in support of these or other seamless transit principles would be subject to further consideration and action by the Board of Directors, as appropriate.

END

ATTACHMENT A

The Seamless Transit Principles Viewable at: www.seamlessbayarea.org/seamless-transit-principles

1) Run all Bay Area transit as one easy-to-use system
Public transit should work as one seamless, connected, and convenient network across the San Francisco Bay Area and beyond. Getting around on transit should be as fast and easy as driving a car. Coordinated bus, rail, and ferry routes and schedules should encourage effortless transfers. Consistent and clear customer information, branding, and maps should make using transit simple and dignified.

2) Put riders first
Riders should feel comfortable when using transit and be treated like valued customers. Public transit agencies must do more to listen to riders and continuously improve service. They must prioritize riders' needs above all else, and overcome all operational, political and bureaucratic barriers to provide an excellent and seamless customer experience.

3) Make public transit equitable and accessible to all
People of all income levels, ages, abilities, genders, and backgrounds should have access to world-class public transit. People who are the most reliant on transit are best served by a universal, inclusive, regionally integrated, connected system that is used by all. People with limited means to pay for transit should be provided with discounts.

4) Align transit prices and passes to be simple, fair, and affordable
Transit should provide good value for money. Fares across the region's 27 public transit agencies must be aligned into a consistent, fair, and affordable system that encourages using transit for all types of trips and doesn't punish riders for transferring. Cost-effective monthly passes should work across the Bay Area and should be widely available to individuals, employers, and schools.

5) Connect effortlessly with other sustainable transportation
A person's journey does not end when they get off a bus or exit a station. Excellent pedestrian, bicycle, and other pollution-free transportation options should seamlessly connect public transit to communities and destinations, supporting door-to-door trips that don't require a car.

6) Plan communities and transportation together
High quality public transit should be at the heart of communities across the Bay Area. Transportation should be closely aligned with our region's land use, promoting a connected network of transit-oriented, walkable communities that expands access to affordable housing and job opportunities, and reduces car travel and greenhouse gas emissions.

7) Prioritize reforms to create a seamless network
A regionally integrated, world-class transit system won't happen on its own -- it will take leadership, unprecedented levels of cooperation, and changes to existing local, regional, and state policies. The cities, counties, public transit agencies, regional authorities, business leaders, advocacy groups and elected representatives of the San Francisco Bay Area and Northern California megaregion must prioritize the broad public interest and urgently work together collaboratively to advance critical reforms. Our future depends on it!

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2020-49

SUPPORT THE SEAMLESS TRANSIT PRINCIPLES

WHEREAS, the San Francisco Bay Area despite being an exceptional place to live, faces an uncertain future due to several interrelated crises -- decreasing housing affordability, increasing congestion, rising pollution, widening inequality, and the recent COVID-19 public health crisis – with a complex public transportation system which strives to be World Class; and

WHEREAS, the San Francisco Bay Area Water Emergency Transportation Authority (WETA) plays a critical role in regional transportation, providing ferry service on the San Francisco Bay and coordinating the water transit response to regional emergencies, currently serving the cities of Alameda, Oakland, Vallejo, Richmond, and San Francisco and South San Francisco; and

WHEREAS, the California Air Resources Board reported in 2018 that no California regions, including the Bay Area, are on track to meet their greenhouse gas reduction targets, with increasing Vehicle Miles Travelled (VMT) and declines in transit ridership cited as primary factors; and

WHEREAS, while WETA has seen significant increases in ridership in recent years, a recent UCLA study conducted for the Metropolitan Transportation Commission examined Bay Area ridership trends and identified possible explanations for declining transit use in the Bay Area to be changing residential locations relative to jobs (in the context of the housing affordability crisis) and competition from new mobility options such as transit network companies; and

WHEREAS, using public transit in the Bay Area can be inconvenient and costly for some types of trips, requiring riders to use multiple transit systems, pay multiple separate fares, experience unpredictable transfers and navigate different wayfinding systems; and

WHEREAS, low income people, many of whom have experienced displacement and have long commutes requiring multiple transit services, are among the most adversely affected by the lack of integration of the Bay Area's public transportation system, experiencing a significant financial burden from needing to pay multiple separate transit fares or being pushed into costly vehicle ownership; and

WHEREAS, a well-funded and more seamless-to-the-customer regional public transit system with integrated transit fares, schedules, and transfer points has the potential to benefit all transit riders, including low-income riders, and attract new riders, thereby increasing overall transit ridership and reducing travel by private vehicle; and

WHEREAS, a well-functioning and coordinated transit system plays a critical role in supporting public health and safety during an emergency, supporting essential workers who rely on public transit to get to work. It also plays a critical role in supporting an economic recovery. During and in the aftermath of major disruptions to our transit system, close coordination among agencies facilitates prioritization of the most critical needs, efficient deployment of resources, and clear communication to customers; and

WHEREAS, since its inception as a regional transit operator, WETA has been actively engaged in efforts to make transit more seamless including early work to consolidate Alameda, Oakland and Vallejo city services under WETA's regional operating authority and participation in regional coordination efforts implemented under the Metropolitan Transportation Commission (MTC) such as the regional Hub Signage Program, Clipper regional fare payment program, Clipper 2 development, Clipper Start means-based fare program, Regional Fare Integration Study and the Blue Ribbon Task Force; and

WHEREAS, WETA adopted a Strategic Plan in 2016 that contains policy goals and objectives largely consistent with the principles advocated for by the Seamless Bay Area organization but more specific to WETA's operation, expansion program and emergency response mandate; and

WHEREAS, the Seamless Bay Area principles – while not WETA Board policy -- can be characterized as consistent with the spirit in which WETA was created by the State Legislature and how WETA has operated and aspires to operate as a regional operator and emergency response entity in the San Francisco Bay Area region; now, therefore, be it

RESOLVED, that the Board of Directors hereby affirms WETA's commitment to working collaboratively with state agencies, the MTC, municipalities and other public agencies to further the development of a highly integrated regional transportation system that provides convenient, seamless, and affordable transit for customers and strengthen the region's resiliency in an emergency; and be it further

RESOLVED, that the Board of Directors supports the Seamless Transit Principles as currently articulated by Seamless Bay Area.

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 December 10, 2020.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2020-49
END