

Members of the Board

James Wunderman, Chair
Monique Moyer, Vice Chair
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Jeffrey DelBono
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**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS SPECIAL MEETING**

Thursday, May 19, 2022 at 1:00 p.m.

WETA Ron Cowan Central Bay Operations & Maintenance Facility

670 W Hornet Ave
Alameda, CA 94501

Face masks required for in-person participation.

and

Videoconference

Join WETA BOD Zoom Meeting

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AGENDA

1. CALL TO ORDER
2. ROLL CALL/PLEDGE OF ALLEGIANCE
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**
 - a. Executive Director's Verbal Report on Agency Projects, Activities and Services
 - i. Washington, DC Trip
 - b. Federal Legislative Update
6. EXTENSION TO THE AGREEMENT WITH HANSON BRIDGETT LLP FOR THE PROVISION OF LEGAL SERVICES AS GENERAL COUNSEL **Action**

**Water Emergency Transportation Authority
May 19, 2022 Meeting of the Board of Directors**

7. APPROVE PURCHASE OF INSURANCE POLICIES FOR FISCAL YEAR 2022-23 **Action**

8. WETA INVESTMENT POLICY **Action**

9. WETA ZERO EMISSION STUDY UPDATE **Information**

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 AB 361, codified in Government Code Section 54953, this meeting will be conducted through an internet-based service option. The public is invited to participate via the link provided at the top of this agenda.

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

If you know in advance that you would like to make a public comment during the 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. Comments will also be accepted in real time. 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.

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/PLEDGE OF ALLEGIANCE

AGENDA ITEM 3
REPORT OF BOARD CHAIR

AGENDA ITEM 4
REPORTS OF DIRECTORS

NO MATERIALS

TO: WETA Board Members

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

SUBJECT: WETA Federal Legislative Board Report – May 19, 2022

This report covers the following topics:

- WETA Travels to Washington, D.C. with Bay Area Council
- WETA Working with Rep Garamendi on Public Ferry Legislation

WETA Travels to Washington, D.C. with Bay Area Council

As we write this report, we are preparing to join Seamus Murphy and Lauren Gularte on Capitol Hill for meetings with the California Congressional delegation. While the primary purpose of Seamus and Lauren’s DC trip is to participate in meetings organized with Congressional offices and Executive Branch officials by the Bay Area Council (BAC), we took this opportunity to also schedule WETA-specific meetings with key members of the Bay Area Congressional delegation to promote WETA-specific objectives. A summary of these meetings will be included in our next report to the Board.

WETA Working with Rep Garamendi on Public Ferry Legislation

We have been working with staff for Congressman John Garamendi to develop legislation to enhance WETA’s ability to obtain funding from the federal government for making investments in low and zero emission technology, and to support the organization’s expansion plans.

Among the provisions under consideration for inclusion in this legislation are:

- Increase the funding level for the Federal Highway Administration’s (FHWA) Ferry Boats and Ferry Terminal Facilities Formula (Grant) Program.
- Increase the funding level for the Federal Transit Administration’s (FTA) Passenger Ferry (Competitive) Grant Program.
- Make permanent the Electric or Low-Emitting Ferry Pilot Program that was created by the Infrastructure Investment and Jobs Act (IIJA).
- Make permanent the 85% federal cost share for the replacement or retrofit of diesel-powered ferries that substantially reduce emissions. Sunset date under current law for this more generous federal cost share is the end of FY2025.

- Make public projects for “hovercraft” ferries/facilities eligible under the Surface Transportation Block Grant program. Note that this would not make hovercraft ferries eligible under either the FHWA formula or FTA competitive grant programs. Under current law, only “watercraft” ferry projects are available for USDOT funding, not hovercrafts performing the exact same overwater transit service.

While we will be seeking to enact this legislation in the future, in the near term, it will serve as a means of gaining additional political support for WETA priorities. We will be working in the months ahead with other Public Ferry Coalition members to gain support from other members of Congress (i.e. get other members of Congress to sign onto the bill as “co-sponsors”. By starting this process now, we will be able to maximize our ability to obtain support from a larger – and more diverse – set of members of Congress, which will put us in a position of strength the next time there is an opportunity to push for additional funding for public ferries.

Respectfully Submitted,
Peter Friedmann and Ray Bucheger

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director

SUBJECT: Extension to the Agreement with Hanson Bridgett LLP for the Provision of Legal Services as General Counsel

Recommendation

Authorize the Executive Director to exercise WETA's option to extend the Agreement with Hanson Bridgett LLP for the provision of legal services as WETA General Counsel for an additional five-year term, until June 30, 2027.

Background and Discussion

As authorized by WETA's enabling legislation and WETA's Administrative Code, the General Counsel position is appointed by the Board of Directors. Hanson Bridgett has been WETA's General Counsel since 2017, after selection through a formal competitive procurement process. The Board awarded the contract to Hanson Bridgett for an initial term through June 30, 2022 with the option to extend for a second five-year period through June 30, 2027. As the Bay Area recovers from the pandemic and is poised for growth, Hanson Bridgett's deep public agency experience and special public ferry transit expertise is highly valued. Hanson Bridgett's advice and expertise has provided tremendous value toward the advancement of agency goals and objectives over the last several years. Staff looks forward to continuing this productive work.

In the five years since it was named General Counsel, Hanson Bridgett has served WETA well, assisting the Board and staff with significant personnel transitions, major water transit service and capital project initiatives, as well as providing expert legal guidance through the uncharted waters of the COVID pandemic. Hanson Bridgett provides ongoing day-to-day legal advice for WETA staff and the Board. The firm also has a deep bench of subject matter experts in specialized areas that WETA calls on frequently to respond to specific issues as they arise. Hanson Bridgett's work has offered valuable contributions toward WETA accomplishments over the past five years and includes:

- Development of new procurement procedures and templates for contract and procurement documents
- Reconfiguration of WETA's retiree benefit program
- Purchase and sale of multiple vessels
- Navigation and compliance with FTA triennial audits
- Assistance with legislative advocacy efforts, including drafting legislation for RM3
- Ensuring compliance with Title VI, ADA, and other civil rights regulations
- Recruitment and engagement of the Executive Director
- Representation of the agency in PUC proceedings concerning private water transit service on San Francisco Bay
- Strategic development of policies related to the implementation of evolving COVID protocols required by local, state, and federal regulators

- Interpretation of California Air Resources Board regulations affecting harborcraft

Hanson Bridgett has been representing public transit agencies in the Bay Area for over fifty years. Its lawyers are nationally recognized experts in the field. It has particular expertise in the intersection of government law, public transit regulations, and special rules applicable to ferry providers. Hanson Bridgett is also a leader in improving diversity in the legal profession. Its lawyers are 46 percent women, 29 percent people of color, and 4 percent self-identified LGBTQ+ individuals. It has received nationwide recognition for its commitment to diversity in law firms, including:

- Mansfield 4.0 Certification Plus status (2021)
- Minority Corporate Counsel Association George B Vashon Award winner (2021)
- Best Law Firms for Women Hall of Fame List by Seramount's (formerly Working Mother Media).
- Ranked #2 on The American Lawyer's A-List: Female Equity Partner Scoreboard. (2020)
- Received both the 2020 Top Performer and 2020 Compass Award designations at Leadership Council on Legal Diversity's Annual Meeting

For the past five years, Madeline Chun has been WETA's General Counsel. Effective on July 1, 2022, Deputy General Counsel Steven Miller will assume the role of General Counsel to lead the Hanson Bridgett team. Mr. Miller is an accomplished attorney with a deep understanding of public transit law. He has been integral to the provision of general counsel services to WETA and has worked closely with the Board and management team since the inception of Hanson Bridgett's engagement, ensuring a seamless transition.

The FY 2021-22 budget included \$513,552 for legal services, with \$392,000 allocated to administration and the rest allocated to operating and capital expense. Additional minimal legal services are budgeted in capital projects which span fiscal years. The agency is currently on target to spend slightly below that amount by the end of the fiscal year.

Hanson Bridgett has provided its services in alignment with annual budgets and the ongoing contract extension should be no exception. In talks with Hanson Bridgett around the extension, rates have been renegotiated to include a fixed monthly retainer, which will allow WETA to achieve both favorable rates and budget certainty. The monthly retainer will cover the core General Counsel services that Hanson Bridgett provides WETA on a day-to-day basis. Special projects outside the retainer will be at specified rates based on an indexed escalation factor applied to the rates that were negotiated in the original contract.

The retainer proposed for this extension starts at \$23,000 monthly, or \$276,000 annually. The scope within the work of that retainer would include 10 different routine advice and counsel areas including all Board preparation activities, administrative, finance and public agency advice, routine contract and procurement issues, day-to-day advice regarding employment and civil rights issues, and initial claims and pre-litigation advice.

The retainer does not include non-routine policy matters such as a major restructuring of the administrative code, development of new regulatory policies, litigation, personnel and

benefit issues other than routine matters, matters before the CPUC, ethics advice and work around major new procurements.

Most of the legal work WETA requires has historically been routine. That workload is also anticipated to grow, making the restructuring of the contract to include a retainer for routine matters both logical and cost effective.

If WETA were to hire a full-time General Counsel, the cost of that position would be more than \$320,000 annually in salaries and benefits and would not cover the full scope of WETA's legal needs. WETA would still require additional legal services from outside counsel on a regular basis for areas that require specific expertise.

Fiscal Impact

The FY 2021-22 budget included \$513,552 for legal services. If this amendment is approved the FY 202/23 budget will include \$276,000 for routine matters and additional amounts for operating and capital support that fall outside of the matters covered by the retainer. The total FY 2022-23 budget is not expected to be significantly different from the current fiscal year.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2022-19

EXERCISE OPTION TO EXTEND CONTRACT WITH HANSON BRIDGETT LLP FOR THE PROVISION OF LEGAL SERVICES AS GENERAL COUNSEL

WHEREAS, at its meeting on June 8, 2017 the Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority appointed Hanson Bridgett as its General Counsel and authorized the Executive Director to enter into a contract with Hanson Bridgett for a five year term, through June 30, 2022, with an option to extend the agreement for five additional years; and

WHEREAS, the Executive Director recommends that the Board authorize extending the contract with Hanson Bridgett for an additional five years, until June 30, 2027; now, therefore, be it

RESOLVED, that the Board of Directors hereby authorizes the Executive Director to extend the agreement with Hanson Bridgett for General Counsel services for a period of five years through June 30, 2027.

CERTIFICATION

The undersigned, the 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 May 19, 2022.

YEA:

NAY:

ABSTENTION:

ABSENT:

/s/ Board Secretary

2022-19

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Erin McGrath, Chief Financial Officer

SUBJECT: Approve Purchase of Insurance Policies for Fiscal Year 2022-23

Recommendation

Approve the purchase of the following insurance policies for Fiscal Year (FY) 2022-23 estimated to cost up to \$674,272 in total:

- 1) Marine Commercial Liability including Terminal Operators
- 2) Excess Marine Liabilities
- 3) Automobile Liability
- 4) Property Insurance
- 5) Public Officials Management & Employment Practices Liability
- 6) Crime Insurance
- 7) Special Liability Insurance (SLIP)
- 8) Workers Compensation

Background/Discussion

WETA carries a variety of different insurance policies to protect the agency and its operation from third party claims and loss of property. These policies are renewed annually with approval from the Board based upon estimates provided by WETA's insurance broker, Alliant Insurance Services (Alliant).

This item authorizes the purchase of FY 2022-23 insurance policies consistent with prior year policies and coverage levels. Each type of insurance proposed is described below and policy coverage and pricing is detailed in the FY 2022-23 Insurance Policy Schedule provided as **Attachment A**.

Marine Commercial Liability and Excess Marine Liabilities

These protect against third party claims for bodily injury and property damage at covered locations.

Property Insurance

This coverage provides protection against losses due to damage to property from fires, vandalism, accidents, earthquake, flood, etc. including both personal property and business inventory. This coverage also extends to the waterside assets consisting of the docks, floats, gangways, piers, pilings, and ramps which are insured for replacement costs subject to the property insurance limits.

Public Officials Management & Employment Practices Liability

This coverage is designed to address the significant exposures faced by public entities and responds to claims brought against an insured public entity, its employees, and volunteers for any alleged or actual breach of duty, neglect, error, misstatement, or omission in the course of public duties. Included is coverage for employment related matters, such as wrongful termination and harassment.

Crime Insurance

Crime insurance covers money, securities, and other property against a variety of criminal acts including fraud, employee theft, robbery, and forgery.

Supplemental Liability (SLIP)

Supplemental liability is a policy designed to provide auto liability coverage for WETA owned vehicles.

Workers Compensation

Required coverage for employee injuries in the performance of their work

In addition to WETA's coverage, WETA is covered by the insurance provided by WETA's contract operator, Blue & Gold Fleet. In addition to commercial general liability and automobile liability coverage, Blue & Gold Fleet's insurance provides coverage for WETA's vessels, Blue & Gold Fleet's crew, pollution, and environmental liability, as well as an additional \$49,000,000 of "umbrella" coverage for incidents arising out of Blue & Gold Fleet's provision of services to WETA. Such insurance is procured and held separately by Blue & Gold Fleet but paid for by WETA.

Actual annualized premiums for WETA's policies for FY 2021-22 were \$570,653. Annual premium rate increases for WETA's FY 2022-23 policies are projected to increase by 10% but could increase as much as 15%. For liability coverage, the driving force behind the state of the market is claims experience. Although WETA has a low claims experience, the market overall has seen the value of claims increase dramatically over the past five years, with resulting increases to insurance premiums. In addition, for property insurance, an additional factor is the inflation rate applied to our values which is tied to the San Francisco Construction Cost Index published in the Engineering News-Record. That is anticipated to be 14% this year. The result is a request to authorize the execution of policies with an estimated total cost of \$674,272, an overall increase of 18%. This would be the high end of what could be anticipated for policy renewals which are not yet available. Premiums at other agencies have increased by similar or even higher amounts. WETA benefits this year from being in the second of a two-year rate for insurance related to property, allowing the agency to avoid volatility in that market during the renewal process.

Fiscal Impact

Projected cost of \$674,272 will be included in the proposed FY 2022-23 Operating Budget to support the purchase of insurance as outlined in this memorandum.

Attachment A: 2022-23 Insurance Policy Coverage and Cost Estimates

END

San Francisco Bay Area Water Transportation Authority (WETA)
2022-23 Insurance Policy Coverage and Cost Estimates

Attachment A

Coverage	Locations	Deductible/Retention	FY 2021-22 Limit	FY 2021-22 Premium (annualized)	FY 2022-23 Limit	FY 2022-23 Estimated Premium
Marine Commercial Liability Terminal Operators Liability Wharfingers Liability	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	\$2,500 each occurrence	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$20,475	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$23,546
Excess Marine Liabilities	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	N/A	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 20,500 \$ 20,900	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 23,575 \$ 24,035
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	\$25,000 to \$250,000	Total Insured Value: \$193,725,290	\$ 484,452	Total Insured Value: \$221,234,189	\$ 580,906
Public Officials Management & Employment Practices Liability	N/A	\$15,000 each public officials management \$25,000 each employment practices violation	\$3,000,000 Aggregate	\$ 15,041	\$3,000,000 Aggregate	\$ 20,681
Crime Insurance	N/A	\$2,500 each occurrence	\$1,000,000 Each Occurrence	\$ 1,389	\$1,000,000 Each Occurrence	\$ 1,528
Special Liability Insurance (SLIP)	N/A	Commercial General Liability \$1,000	\$1,000,000 Each Occurrence	\$ 2,672	\$1,000,000 Each Occurrence	\$ 3,073
		Automobile Liability \$1,000				
Workers Compensation	N/A	None	Statutory / \$1M EL	\$ 5,206	Statutory / \$1M EL	\$ 5,849
				\$ 570,635	\$ 674,272	

San Francisco Bay Area Water Transportation Authority (WETA)
2022-23 Insurance Policy Coverage and Cost Estimates

Attachment A

Coverage	Locations	Deductible/Retention	FY 2021-22 Limit	FY 2021-22 Premium (annualized)	FY 2022-23 Limit	FY 2022-23 Estimated Premium
Marine Commercial Liability Terminal Operators Liability Wharfingers Liability	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	\$2,500 each occurrence	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$20,475	\$1,000,000 Each Occurrence \$3,000,000 Aggregate	\$23,546
Excess Marine Liabilities	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	N/A	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 20,500 \$ 20,900	\$9,000,000 Excess \$1,000,000 Plus \$15,000,000 Excess \$10,000,000	\$ 23,575 \$ 24,035
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	\$25,000 to \$250,000	Total Insured Value: \$193,725,290	\$ 484,452	Total Insured Value: \$221,234,189	\$ 580,906
Public Officials Management & Employment Practices Liability	N/A	\$15,000 each public officials management \$25,000 each employment practices violation	\$3,000,000 Aggregate	\$ 15,041	\$3,000,000 Aggregate	\$ 20,681
Crime Insurance	N/A	\$2,500 each occurrence	\$1,000,000 Each Occurrence	\$ 1,389	\$1,000,000 Each Occurrence	\$ 1,528
Special Liability Insurance (SLIP)	N/A	Commercial General Liability \$1,000	\$1,000,000 Each Occurrence	\$ 2,672	\$1,000,000 Each Occurrence	\$ 3,073
		Automobile Liability \$1,000				
Workers Compensation	N/A	None	Statutory / \$1M EL	\$ 5,206	Statutory / \$1M EL	\$ 5,849
				\$ 570,635	\$ 674,272	

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2022-20

APPROVE PURCHASE OF INSURANCE POLICIES FOR FY 2022/23

WHEREAS, WETA's existing commercial insurance policies expire on July 1, 2022 and WETA seeks to renew the policies through June 30, 2023; and

WHEREAS, these policies are reviewed annually and placed with the assistance of Alliant Insurance Services, WETA's insurance broker; and

WHEREAS, WETA has received preliminary estimates for FY 2022/23 insurance coverage; and

WHEREAS, the estimated cost of insurance coverage in FY 2022/23 is fair and reasonable given the current state of the insurance market reflecting significant rate increases due at least in part to increased claims experiences (even though not at WETA) and widespread inflation; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves and authorizes the Executive Director to purchase Commercial Insurance with assistance of its broker, Alliant Insurance Services, at an estimated amount of \$674,272 for FY 2022/23.

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 May 19, 2022.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2022-20

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Erin McGrath, Chief Financial Officer

SUBJECT: WETA Investment Policy

Recommendation

Review and approve the WETA Investment Policy

Background

Public Agency investments are governed by California State law and those laws are designed to provide safety and transparency in public fund investing. It is a best practice for the Board to consider and adopt an investment policy governing WETA's investments.

Discussion

WETA does not have an active investment management program. The agency's annual cash flow and fund balance do not have sufficient funds that could be actively managed. This stems from the need for reserves to be available for both cash flow and emergencies at all times, limiting the amount and length of investments that could be contemplated for an agency of WETA's size.

This policy is designed to bring WETA in alignment with best practices and to begin a reporting process on investments as required by California law. The policy reflects the simplicity of WETA investments and sets basic principles for investment. Those principles are:

- Safety: Preservation of capital in a manner that does not unduly risk loss
- Liquidity: Ensure that funds are available to WETA for cash flow and reserves in emergency situations
- Return on Investment: Growth of WETA funds consistent with market conditions within the limits of the first two principles

Under the policy, the Board delegates authority to the Chief Financial Officer to manage all investments. The Chief Financial Officer is required to both follow the adopted policy and make decisions based on the principles in the policy. The Board must approve the delegation to the Chief Financial Officer annually.

The Agency's funds are maintained in two places (not including the funds WETA holds in trust for pension and retiree health benefits). The daily cash management function that occurs in our commercial bank account and our longer-term cash balance held in the Local Agency Investment Fund, or LAIF. This has been WETA's practice for many years and is a typical practice for government agencies of similar size and function. The policy attached reflects this practice and memorializes it. If different investment decisions are recommended by the Chief Financial Officer, the Board would need to adopt changes to the allowed investments.

In order to comply with Government Code § 53607, which states that the Chief Financial Officer must provide a monthly report of transactions to the Board, we will include in the Board's monthly financial report the balances held in both LAIF and our commercial bank. In

addition, to comply with Government Code § 53646, which recommends a quarterly report with more detailed information on investments, or programs, that are under the management of contracted parties, the reports also will provide a quarterly statement for the Agency's funds held in LAIF. The Chief Financial Officer will review the Investment Policy annually and bring any recommended changes to the Board for consideration.

Fiscal Impact

There is no fiscal impact associated with this action.

END

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

1. Introduction

The investment policies and practices of the San Francisco Bay Area Water Emergency Transportation Authority (WETA) are based on state law and prudent money management. All funds will be invested in accordance with WETA's Investment Policy and the California Government Code.

2. Scope

This policy applies to all funds and investment activities under the direction of WETA.

3. Prudence

The standard of prudence to be used by investment officials shall be the "prudent investor" standard and shall be applied in the context of managing an overall portfolio. All persons investing, reinvesting, purchasing, acquiring, exchanging, selling or managing public funds shall act with care, skill, prudence, and diligence under the circumstances then prevailing, including, but not limited to, the general economic conditions and anticipated needs of WETA, that a prudent person acting in a like capacity and familiarity with those matters would use in the conduct of funds of a like character and with like aims, to safeguard the principal and maintain the liquidity needs of WETA.

Investments shall be made with the judgment and care which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived, and in accordance with the provisions of Government Code Section 53600 *et seq.*

4. Objectives

The primary objectives, in priority order, of WETA's investment activities shall be:

A. Safety. Safety of principal is the foremost objective of the investment program. WETA's funds shall be invested in a manner that seeks to ensure preservation of capital.

B. Liquidity. WETA's investments will remain sufficiently liquid to enable WETA to meet its daily cash flow requirements as well as a prudent reserves for unanticipated operations needs.

C. Return on Investment. WETA's investments shall be designed with the objective of attaining a market rate of return consistent with the constraints imposed by its safety and liquidity objectives.

5. Delegation of Authority

The management and oversight responsibility for investments is hereby delegated to the Chief Financial Officer (CFO) who shall monitor and review all investments for consistency with this Investment Policy.

6. Investment of Funds

A. Permitted Investments and Depositories

(i) Deposit of Funds: Consistent with the California Government Code, money belonging to or in the custody of WETA including money paid to WETA to pay the principal, interest or penalties of bonds, may be deposited for safekeeping in state or national banks, savings associations or federal associations, credit unions or federally insured industrial loan companies in California (as defined by California Government Code Section 53630). Pursuant to California Government Code Sections 53635, 53637 and 53638, the money shall be deposited in any authorized depository with the objective of realizing maximum return, consistent with prudent financial management.

(ii) Local Agency Investment Fund: Funds not deposited in banks or savings associations shall be invested in the Local Agency Investment Fund administered by the Treasurer of the State of California, in accordance with Government Code Section 16429.1.

(iii) Money Market Fund: WETA may also invest in shares of beneficial interest (i.e. a money market fund) as permitted by California Government Code Section 53601(l).

B. Other Limitations

(i) Investment maturities shall be based on a review of cash flow forecasts and shall be scheduled so as to allow WETA to meet all projected obligations. The maturity of any certificate of deposit shall not exceed 12 months.

7. Reporting Requirements

The CFO shall provide the Board a quarterly investment report, which shall include the information specified in Government Code Section 53646. The CFO will also provide a monthly report of all investment transactions.

8. Annual Review of Investment Policy

On an annual basis, the CFO will review the Investment Policy to ensure that it conforms to state law and the primary objectives of WETA's investment activities. In the event the CFO recommends changes to the Investment Policy, such recommendations must be submitted for approval to the Board.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2022-21

APPROVE INVESTMENT POLICY

WHEREAS, Government Code Section 53646 encourages all public agencies to develop an investment policy for review on an annual basis; and

WHEREAS, in accordance with statutory requirements for the investment of public money, the Chief Financial Officer, in consultation with the Executive Director and General Counsel, has developed a proposed Investment Policy to assure that WETA's investment authority is exercised with prudence and in compliance with State law; and

WHEREAS, the Board of Directors finds that the Investment Policy included with the staff report presented to the Board on this date represents a sound and prudent basis for investment and cash management of WETA's funds, now, therefore, be it

RESOLVED, that the Board of Directors adopts and approves the Investment Policy included with the staff report presented to the Board on this date; and be it further

RESOLVED, that the Board of Directors appoints the Chief Financial Officer as the trustee for purposes of placing investments pursuant to said policy.

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 May 19, 2022.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2022-21

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Kevin Connolly, Planning & Development Manager
Tim Hanners, Maintenance & Operations Manager
Chad Mason, Senior Planner/Project Manager

SUBJECT: WETA Zero Emission Study Update

Recommendation

There is no recommendation associated with this informational item.

Background/Discussion

In 2021, WETA launched a Zero Emission Study (Study) to inform development of a plan to transition ferry operations on San Francisco Bay to zero-emission vessels. Migrating the San Francisco Bay Ferry system away from a diesel-only fleet will reduce systemwide emissions and is required to comply with newly approved California Air Resource Board rules affecting the operation of harbor craft.

WETA has secured \$13.4 million in state and federal funding for design and construction of two battery electric vessels and the corresponding installation of shoreside charging infrastructure to support their operation. The vessels will connect WETA's Downtown San Francisco terminal to emerging neighborhoods on the San Francisco waterfront in Mission Bay and Treasure Island. WETA has a pending application for funding from the Transit and Intercity Rail Capital Program to support two additional electric vessels to serve these growing communities.

Incorporation of these vessels into the WETA fleet will be guided by the initial findings of the Study, which is focused on the incorporation of vessels propelled by battery electric technology and identifying strategies to address the technical and regulatory barriers to implementation.

The Study effort is supported by a \$200,000 grant from the California Energy Commission (CEC) Clean Transportation Program Blueprints for Medium- and Heavy Duty Zero-Emission Vehicle Infrastructure. The Study follows CEC guidance to develop a "blueprint" of actions and milestones needed for implementation of a zero-emission fleet and related electric charging and/or hydrogen refueling infrastructure.

The Zero Emission Study has moved forward under two separate but parallel tracks. One track led by Aurora Marine Design (AMD) is focused on vessels and the other track led by ARUP is focused on shoreside infrastructure. The separate work efforts have connected at carefully chosen milestones to update and inform each team, ensuring consistency with assumptions, next steps and conclusions.

In October 2021, Staff provided the Board with an update on Stage 1 of the Study. Stage 1 involved data collection to establish a baseline for assessing vessels, route profiles, shoreside infrastructure, and utilities. The baseline process in Stage 1 utilized a route analysis tool, developed by AMD which includes the performance particulars of each vessel and the parameters of current and anticipated routes within the WETA system. The tool allows for rapid output of vessel power and energy usage

by changing parameters such as route speed, docked time, and charging time. Outputs include energy usage, charging power, round trip time, and a load profile for the vessel that can be used to analyze battery degradation. Results from the tool produced estimates for energy and power demands at downtown San Francisco and the origin terminals. This energy demand information is important to understand the local grid's ability to meet the additional electrical load from electrification of the facilities for vessel charging. Stage 1 also collected baseline information for each terminal facility in WETA's Central Bay system. This task identified existing grid connections, shoreside space available for electrical infrastructure, passenger float characteristics and existing terminal energy demand.

With an understanding of vessel energy demands and local grid constraints at each terminal, WETA staff engaged the respective electrical utilities serving the terminals. The terminals are in several municipalities and are served by different electrical utilities, including San Francisco Public Utility Commission (SFPUC), and Alameda Municipal Power (AMP), and Pacific Gas and Electric (PG&E). With the assistance of ARUP, WETA is currently engaged with these utilities and other partners to explore the opportunities and constraints for terminal electrification and enhancement of the local grids. The most constrained terminal for electrification is the Downtown San Francisco Terminal. The Port of San Francisco and SFPUC are leading an ongoing effort to enhance the electrical grid along San Francisco's northeast waterfront. Electrification of the Downtown Terminal will be part of this study.

Stage 2 is underway and consists of optioneering to develop vessel and infrastructure solutions by assessing the associated opportunities and constraints. Optimal technical solutions and specifications are being developed for vessel and terminal charging infrastructure. Batteries at terminal facilities will play an important role in the optioneering to optimize the vessel charging capacity in relation to local electrical grid constraints. Batteries provide the ability to charge and discharge at specific times to offset the peak demands from the electrical grid. Evaluating the appropriate size for battery storage at each terminal and identifying the proper local grid connections is an important outcome for optioneering terminals. The optioneering phase will evolve as WETA continues to coordinate with utility providers to identify the most effective investment in local grid enhancements and terminal charging infrastructure.

Stage 3 will begin in Summer 2022 and will develop the blueprint and strategy for implementation of the optimal solutions carried forward from Stage 2. The blueprint will include a workforce analysis to better understand how WETA's current workforce would be affected and the preparations necessary for transition to zero emission technologies. The blueprint will also include an analysis of the potential emissions reductions resulting from the transition to zero emission technologies. The Stage 3 work effort will be complete by Fall 2022. The CEC Blueprint is estimated to be complete in early 2023 in accordance with WETA's funding agreement.

This item will include an informational presentation from WETA staff and consultant teams. Staff anticipates returning the Board of Directors with an update and conclusion of the study in Fall 2022.

END