

Members of the Board

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

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING**
Thursday, December 9, 2021 at 1:00 p.m.

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AGENDA

1. CALL TO ORDER

2. ROLL CALL

3. REPORT OF BOARD CHAIR

- a. Chair's Verbal Report

Information

4. REPORTS OF DIRECTORS

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.

Information

5. REPORTS OF STAFF

- a. Executive Director's Report on Agency Projects, Activities and Services
i. Fare Integration Study
ii. PEPRA
iii. Treasure Island CPUC Filing
iv. San Francisco - South San Francisco Pilot Service
b. Monthly Review of Financial Statements
c. Federal Legislative Update
d. State Legislative Update
e. Monthly Ridership and Recovery Report

Information

**Water Emergency Transportation Authority
December 9, 2021 Meeting of the Board of Directors**

6. CONSENT CALENDAR

Action

- a. Adopt a Resolution Regarding Remote Meetings Pursuant to Assembly Bill 361
- b. Board Meeting Minutes – November 4, 2021
- c. Authorize Release of a Request for Proposal for the South San Francisco Passenger Float Rehabilitation Project

7. RECEIVE THE INDEPENDENT AUDITORS' REPORTS FOR THE FISCAL YEAR ENDING JUNE 30, 2021

Action

8. APPROVE THE WETA 2022 LEGISLATIVE PROGRAM

Action

9. WETA 2040 SERVICE VISION & BUSINESS PLAN UPDATE

Information

10. 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 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 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. 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.

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: Seamus Murphy, Executive Director

DATE: December 9, 2021

RE: Executive Director's Report

SERVICE DEVELOPMENT UPDATE:**San Francisco – South San Francisco Pilot Service**

Staff has been gathering information to inform options for establishment of a 6 -12 month pilot service that would connect a rapidly-growing job center at Oyster Point in San Francisco with the Downtown San Francisco Terminal and the temporary terminal serving the Mission Bay neighborhood. Employers in the Oyster Point area are preparing for an early 2022 influx of workers returning to the office for the first time since the start of the pandemic. Major employers in the area subsidize employees' transit fares and employee data suggests that a ferry option could be an appealing commute option for a significant number of riders. No WETA vessel is available to operate this service, but there is potential for the agency to contract directly with a private operator, or to secure a vessel through a subcontract with WETA's contract operator, Blue & Gold Fleet. Evaluation of options includes cost, schedule, vessel type, customer experience, labor standards, backup vessel availability, projected ridership, and overall risk assessment. Staff plans to bring a recommendation to the Board at the January meeting.

PLANS, STUDIES & INITIATIVES**2050 WETA Service Vision and Business Plan**

WETA is embarking on an effort to create a long-term plan for the expansion of regional ferry service and emergency water transportation response capabilities on San Francisco Bay. The plan will include definition of a 2050 service vision and corresponding business plan that will inform WETA planning, budget, and operational decisions as it is phased in over time. The business plan will be developed throughout the next calendar year and is anticipated to be finalized by December 2022.

December 2021 Update: Staff and the facilitator team have prepared a report summarizing stakeholder feedback from an initial round of outreach that included individual interviews, focus group discussions, an online survey, and stakeholder workshop. Based on this input, six focus areas have been proposed to guide development of the business plan over the next calendar year. The facilitator team has also outlined a stakeholder engagement plan for the remaining duration of this project. Each of these work products will be presented to the Board at its December meeting for input and discussion.

Fare Coordination and Integration Study

Fare Coordination and Integration Study (FCIS) was launched by the Bay Area's transit operators and MTC in early 2020. Staff from BART and MTC serve as Co-Project Managers, manages the consultant team, and collaborates closely with a Staff Working Group from Bay Area transit operators, including WETA. The study identifies changes to the Bay Area's transit fare policies as a way to improve passenger experience and to grow transit ridership.

Key objectives of the FCIS include:

- Developing goals for the regional fare system that will support an improved user experience, increased transit ridership, and build on robust public outreach
- Identifying barriers, especially barriers related to fares and the user experience, that are impeding increased ridership

- Identifying opportunities to increase transit ridership by improving the regional fare system through regional fare coordination and integration strategies
- Developing a detailed implementation plan, including funding plan, for recommended improvements.

Project oversight is provided by a Fare Integration Task Force, consisting of the members of the Clipper Executive Board with additional members representing the chair of the Bay Area County Transportation Agencies, as well as some of the small transit operators.

December 2021 Update: The FCIS project team has developed draft implementation strategies and recommendations using a business case methodology. In September 2021, the draft report of recommendations, along with the draft vision statement for fare policy coordination and integration, were presented to the Fare Integration Task Force. The report includes recommended next steps to implement the fare integration strategies. In November 2021, the Fare Integration Task Force approved the fare policy vision statement which lays out the high-level recommendations including near-term actions and pre-requisites for success. The final FCIS report is anticipated to be completed in December and adopted in early 2022. The near-term action items and implementation activities would follow, pending adoption of the study.

OTHER BUSINESS

Financial Reports

This month's financial reports contain additional information about fare revenues to date and a short description of revenue and expenditure progress against budgeted amounts. In advance of the budget approval next Spring, we will be preparing a 6 month report in February to review in more detail the budget to date and expectations for the next fiscal year. This will include a discussion of the spending rate of federal COVID support and the outlook for the next two fiscal years.

November 2021 Schedule Changes

On November 8, schedule changes went into effect across the San Francisco Bay Ferry system to improve reliability and flexibility as well as to incorporate the relaunched South San Francisco ferry route and the revamped Alameda Short Hop route. Staff used all of its outreach channels to inform passengers of the schedule changes in advance of the switch.

U.S. Department of Labor Section 13(c) Determination

On October 28, 2021, the U.S. Department of Labor (DOL) reversed an earlier determination and asserted that California's Public Employees' Pension Reform Act of 2013 (PEPRA), violates federal collective bargaining rights under Section 13(c) of the Urban Mass Transportation Act of 1964. Subsequently, DOL has withheld certification of Federal Transit Administration grants intended for California transit agencies. The State has filed a motion in U.S. District Court to stay implementation of DOL's determination. WETA has not been previously impacted by this issue due to the agency having no represented public employees. Staff is working with a coalition of affected agencies to ensure that grants are funded without significant delays.

Prop SF Treasure Island CPUC Filing

Prop SF has filed an application with the CPUC to operate scheduled public ferry service beginning in early 2022. The service will support the first occupants in what will be a significant new development that includes housing, commercial and recreational features. WETA entered into an MOU with the Treasure Island Mobility Management Agency specifying that WETA will ultimately administer ferry service to the island. Staff is working with Prop SF to ensure that WETA support for the establishment of this new service reflects the terms of the MOU.

END

MEMORANDUM

TO: Board Members

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

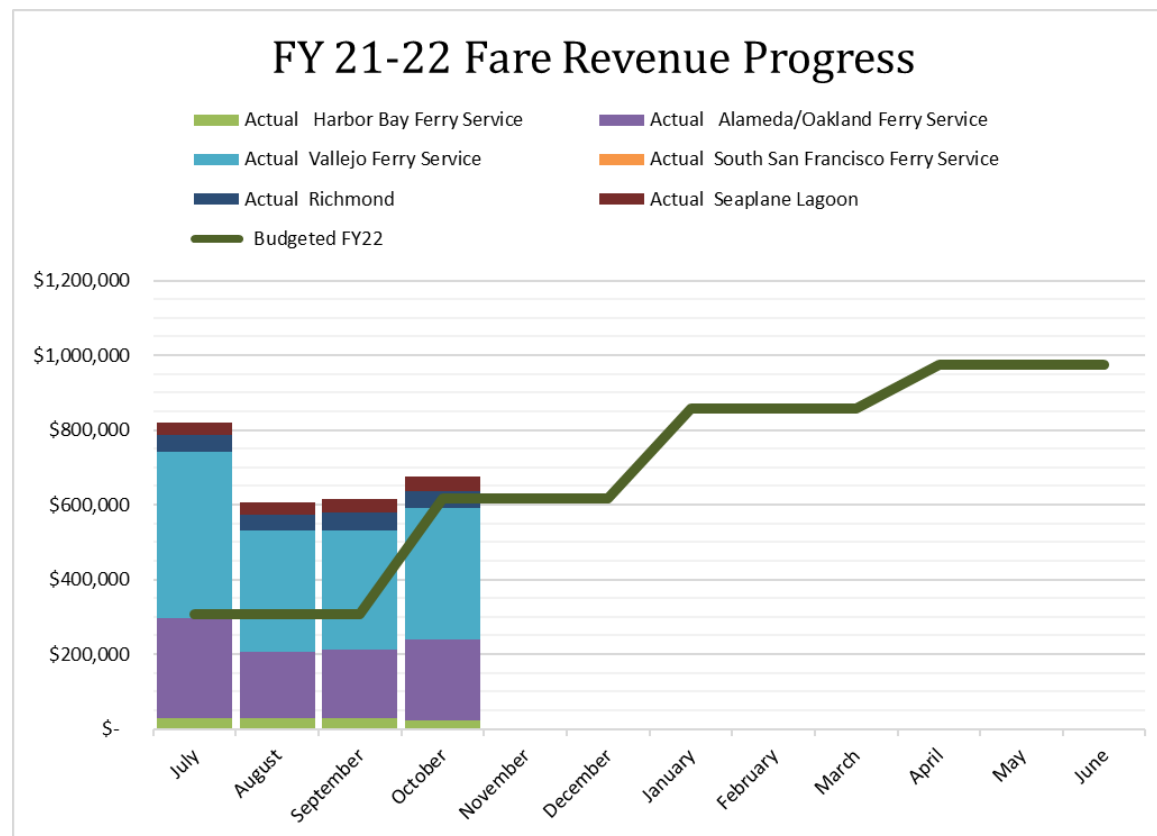
SUBJECT: Review of FY 2021-22 Financial Statements Ending October 31, 2021

Recommendation

There is no recommendation associated with this informational item.

Summary

With four months of the Fiscal Year completed, revenue and expenditures are matching budgeted amounts thus far. The operating budget is 30% expended while 33% of the Fiscal Year has elapsed. However, within operating expense, fuel is running slightly above budgeted amounts while vessel operations and maintenance are currently trending lower than budget. Revenues are currently on budget, particularly fare revenue. However, looking in detail to the trend by month, fares are currently higher than anticipated at this point in the fiscal year. The chart below shows actual fare receipts against planned budgeted amounts. The solid green line is a depiction of quarterly expectations in the budget that were developed as part of WETA's lower fare structure. The colored bar graph shows actual receipts by service. This is a positive sign that fares are outperforming the budget at this point, however, the budget also includes an expectation of growth each quarter, which is something we need to watch given the change in return to work policies and the emergence of virus variants. We will be bringing you a more detailed budget review at the 6-month mark with broader analysis of cost and revenue trends.



The summary chart below is slightly revised from prior months. It now reflects annual budget and actual revenues and expenditures for both the operating and capital budgets in a consistent format. The more detailed Financial Statements that follow are also slightly revised to simplify and make the budget to actual comparisons more clear.

Financial Statements Summary:

Operating Budget vs. Actual	Year - To - Date		Annual	
	FY2018-19 Actual Prior YTD	FY2021-22 Actual Current YTD	FY2021-22 Approved Budget	% of FY 22 Approved Budget
Revenue - Year To Date:				
Fare Revenue	\$8,430,058	\$2,720,840	8,268,000	33%
Federal - COVID-19 Relief Funds	-	5,721,057	22,069,400	26%
State Operating Assistance	-	-	450,000	0%
Bridge Toll Revenues	5,325,744	5,325,566	15,555,000	34%
Contra Costa Measure J	-	1,067,654	3,651,300	29%
Other Revenue	5,400	1,900	-	0%
Total Operating Revenues	\$13,761,202	\$14,837,016	\$49,993,700	30%
Expense - Year To Date:				
Ferry Services	\$13,130,133	14,187,424	\$46,993,700	30%
Planning & Administration	631,069	\$649,592	3,000,000	22%
Total Operations Expenses	\$13,761,202	14,837,016	\$49,993,700	30%
System-Wide Farebox Recovery %	64%	19%		

Capital Budget vs. Actual	FY2021-22 Actual Current YTD	FY2021-22 Approved Budget	% of FY 2021-22 Approved Budget
Revenue:			
Federal Funds	\$120,175	\$21,720,621	0.6%
State Funds	3,032,686	21,225,184	14.3%
Bridge Toll Revenues	64,503	2,894,082	2.2%
Other Revenues	29,203	1,711,502	1.7%
Total Capital Revenues	\$3,246,567	\$47,551,389	6.8%
Expense:			
Total Capital Expenses	\$3,246,567	\$47,551,389	6.8%

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2021-22 Statement of Revenues and Expenses
Through the Month Ending 10/31/2021

% of Year Elapsed 33%

	Month Oct-21 Actual	Year - To - Date		Total FY2021-22 Budget	Total Budget
		FY2018-19 Actual	FY2021-22 Actual		
OPERATING EXPENSE					
<u>FERRY OPERATIONS:</u>					
<u>Harbor Bay Ferry Service (AHBF)</u>					
Vessel Crew Labor	\$153,180		\$549,822	\$1,693,200	32.5%
Vessel Fuel	60,814		242,833	658,700	36.9%
Vessel Operations & Maintenance	23,867		101,295	673,400	15.0%
Facility Operations & Maintenance	48,268		170,984	758,600	22.5%
System Expense	52,120		209,152	897,500	23.3%
Total Harbor Bay	\$338,249	\$1,167,046	\$1,274,085	\$4,681,400	27.2%
<i>Farebox Recovery - AHBF</i>	6%	51%	9%	15%	
<u>Alameda/Oakland Ferry Service (AOFS)</u>					
Vessel Crew Labor	\$389,912		\$1,352,524	\$3,777,800	35.8%
Vessel Fuel	222,983		786,323	2,032,900	38.7%
Vessel Operations & Maintenance	44,290		239,111	992,700	24.1%
Facility Operations & Maintenance	150,213		512,016	1,262,200	40.6%
System Expense	137,058		574,641	2,387,800	24.1%
Total Alameda/Oakland	\$944,456	\$4,626,583	\$3,464,616	\$10,453,400	33.1%
<i>Farebox Recovery - AOFS</i>	23%	68%	24%	18%	
<u>Vallejo Ferry Service (Vallejo)</u>					
Vessel Crew Labor	\$431,688		\$1,466,622	\$4,427,100	33.1%
Vessel Fuel	527,051		1,870,280	\$4,817,300	38.8%
Vessel Operations & Maintenance	60,313		319,241	\$1,260,500	25.3%
Facility Operations & Maintenance	334,568		1,336,359	3,969,100	33.7%
System Expense	151,834		629,557	2,711,500	23.2%
Total Vallejo	\$1,505,454	\$6,213,898	\$5,622,059	\$17,185,500	32.7%
<i>Farebox Recovery - Vallejo</i>	23%	70%	26%	23%	
<u>South San Francisco Ferry Service (SSF)</u>					
Vessel Crew Labor	\$0		\$79,257	\$1,018,700	7.8%
Vessel Fuel	-		-	385,000	0.0%
Vessel Operations & Maintenance	20,435		85,791	585,300	14.7%
Facility Operations & Maintenance	42,065		161,123	709,700	22.7%
System Expense	8,925		66,348	568,600	11.7%
Total South San Francisco	\$71,426	\$1,122,606	\$392,519	\$3,267,300	12.0%
<i>Farebox Recovery - SSF</i>	0%	33%	0%	13%	
<u>Richmond Ferry Service (Richmond)</u>					
Vessel Crew Labor	\$264,583		\$904,863	\$2,755,300	32.8%
Vessel Fuel	131,763		469,799	1,146,700	41.0%
Vessel Operations & Maintenance	30,763		128,697	878,600	14.6%
Facility Operations & Maintenance	97,637		342,213	1,164,400	29.4%
System Expense	61,426		253,272	1,108,800	22.8%
Total Richmond	\$586,171	\$0	\$2,098,843	\$7,053,800	29.8%
<i>Farebox Recovery - Richmond</i>	8%	0%	9%	8%	
<u>Seaplane Lagoon Ferry Service (SPL)</u>					
Vessel Crew Labor	\$153,180		\$548,396	\$1,573,900	34.8%
Vessel Fuel	70,949		244,601	596,400	41.0%
Vessel Operations & Maintenance	23,186		122,002	546,500	22.3%
Facility Operations & Maintenance	48,024		167,869	618,300	27.2%
System Expense	60,046		252,436	1,017,200	24.8%
Total Seaplane Lagoon	\$355,385	\$0	\$1,335,303	\$4,352,300	30.7%
<i>Farebox Recovery - SPL</i>	11%	0%	11%	19%	
Sub-Total Ferry Operations	\$3,801,140	\$13,130,133	\$14,187,424	\$46,993,700	30.2%
FAREBOX RECOVERY - SYSTEMWIDE	18%	64%	19%	18%	

San Francisco Bay Area Water Emergency Transportation Authority
FY 2021-22 Statement of Revenues and Expenses
Through the Month Ending 10/31/2021

% of Year Elapsed 33%

	Month Oct-21 Actual	Year - To - Date		Total FY2021-22 Budget	Total Budget
		FY2018-19 Actual	FY2021-22 Actual		
OPERATING EXPENSE (continued)					
<u>PLANNING & GENERAL ADMIN:</u>					
Wages and Fringe Benefits	\$116,845	\$385,730	\$525,213	\$1,601,600	32.8%
Services	70,968	291,483	287,497	2,054,200	14.0%
Materials and Supplies	34,083	1,012	34,670	59,800	58.0%
Utilities	1,097	12,818	8,128	43,800	18.6%
Insurance	1,307	1,200	5,228	17,100	30.6%
Miscellaneous	-	44,291	14,771	94,700	15.6%
Leases and Rentals	26,101	125,170	104,870	326,400	32.1%
Admin Overhead Expense Transfer	(85,951)	(230,635)	(330,786)	(1,197,600)	27.6%
Sub-Total Planning & Gen Admin	\$164,450	\$631,069	\$649,592	\$3,000,000	21.7%
Total Operating Expenses	\$3,965,590	\$13,761,202	\$14,837,016	\$49,993,700	29.7%
OPERATING REVENUE					
Fare Revenue	\$676,280	\$8,430,058	\$2,720,840	\$8,268,000	32.9%
Federal Operating Assistance	1,954,573	-	5,721,057	22,069,400	25.9%
State Operating Assistance	-	-	-	450,000	0.0%
Regional - Bridge Toll	1,178,013	5,325,744	5,325,566	15,555,000	34.2%
Regional - Contra Costa Measure J	154,824	-	1,067,654	3,651,300	29.2%
Other Revenue	1,900	5,400	1,900	-	0.0%
Total Operating Revenue	\$3,965,590	\$13,761,202	\$14,837,016	\$49,993,700	29.7%

San Francisco Bay Area Water Emergency Transportation Authority
FY 2021-22 Statement of Revenues and Expenses
Through the Month Ending 10/31/2021

Project Description	Oct-21 Total	Total Project Budget	Total Prior Expense	Total FY2021/22 Budget	YTD FY2021/22 Actual	Total Future Year	% of Total Project Budget Spent
CAPITAL EXPENSES:							
<u>FACILITIES:</u>							
Operations and Maintenance Facilities							
North Bay Facility Fuel System Improvement	\$ 1,794	\$530,450	\$220,680	\$309,770	\$43,591	\$0	50%
Central Bay Facility Oil System Modification	4,313	650,000	-	650,000	59,262	-	9%
Terminal Improvement							
Terminal Rehabilitation - Alameda Main Street	5,041	6,127,700	21,269	2,429,831	20,725	3,676,600	1%
Shoreside Infrastructure for All-Electric Vessel		4,760,000	-	2,002,000	-	2,758,000	0%
Passenger Float Rehabilitation - South San Francisco	-	908,500	-	908,500	1,448	-	0%
Terminal Dredging - Vallejo		2,787,600	-	2,787,600	-	-	0%
<u>FERRY VESSELS:</u>							
Vessel Construction							
New Commuter Class High-Speed Vessels - 2 each	377,224	30,082,500	18,583,816	11,498,684	2,973,386	-	72%
New All-Electric Vessel		4,300,000	-	1,834,000	-	2,466,000	0%
Replacement Vessels - MV Bay Breeze and MV Solano	11,389	34,600,000	3,277,919	17,825,781	51,589	13,496,300	10%
Replacement Vessel - MV Intintoli	3,008	26,446,700	-	500,000	4,839	25,946,700	0%
Vessel Rehabilitation and Refurbishment							
Vessel Engines Conversion - Gemini Class Vessels	7,051	5,982,500	61,869	3,891,431	19,059	2,029,200	1%
Vessel Engines Overhaul - MV Argo and MV Carina	70,014	240,000	125,730	114,270	70,014	-	82%
Vessel Engines Overhaul - MV Cetus		419,100	-	419,100	-	-	0%
Vessel Engines Overhaul - MV Hydrus		419,100	-	419,100	-	-	0%
Vessel Reduction Gears Overhaul - MV Pisces	-	120,000	3,728	116,272	2,653	-	5%
Vessel Engines & Reduction Gears Overhaul - MV Bay Breeze		491,400	49	491,351	-	-	0%
Vessel Engines & Fuel Injectors Overhaul - MV Pyxis		613,200	-	613,200	-	-	0%
Vessel Engines & Fuel Injectors Overhaul - MV Vela		613,200	-	613,200	-	-	0%
Vessel Fuel Injectors Overhaul - MV Intintoli		127,300	-	127,300	-	-	0%
Total Capital Expenses	\$479,834	\$120,219,250	\$22,295,061	\$47,551,389	\$3,246,567	\$50,372,800	
CAPITAL REVENUES:							
Federal Funds	\$71,562	\$58,684,860	\$2,725,949	\$21,720,621	\$120,175	\$34,238,290	5%
State Funds	381,537	47,543,850	13,583,816	21,225,184	3,032,686	12,734,850	35%
Regional - Bridge Toll	17,536	9,078,490	5,298,448	2,894,082	64,503	885,960	59%
Regional - Alameda Sales Tax Measure B / BB	9,199	4,912,050	686,848	1,711,502	29,203	2,513,700	15%
Total Capital Revenues	\$479,834	\$120,219,250	\$22,295,061	\$47,551,389	\$3,246,567	\$50,372,800	

TO: WETA Board Members

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

SUBJECT: WETA Federal Legislative Board Report – December 2021

This report covers the following topics:

1. House Transportation and Infrastructure Committee Chairman Praises WETA
2. Update on Funding Opportunities for WETA
 - a. Seeking Additional \$1.25 Billion for FTA 5307(h) Ferry Grant Program
 - b. Implementation of Electric or Low-Emitting Ferry Grant Program
 - c. FY22 Appropriations / Additional Funding for FTA 5307(h) Ferry Grant Program
 - d. Build Back Better Act / Additional Funding for FTA

House Transportation and Infrastructure Committee Chairman Praises WETA

House Transportation and Infrastructure (T&I) Committee Chairman Peter DeFazio (D-OR) delivered a keynote address at the American Public Transportation Association (APTA) TRANSform Conference & EXPO in Florida in November. During his speech, DeFazio emphasized the importance of innovation, and highlighted WETA as a leader in this space, specifically citing WETA's Pandemic Recovery Program.

Although Chairman DeFazio represents a mostly rural Congressional district with little ferry service to speak of, he has been a strong supporter of additional funding for the Federal Highway Administration (FHWA) ferry formula program and the Federal Transit Administration (FTA) 5307(h) Ferry Grant Program. This support stems in large part from our work with the San Francisco Congressional delegation, including House Speaker Nancy Pelosi, and T&I Committee members John Garamendi, Jared Huffman and Mark DeSaulnier, all of whom have pressed DeFazio to prioritize funding for public ferry systems.

It should be noted that Chairman DeFazio recently announced that he will not be seeking re-election in 2022.

Update on Funding Opportunities for WETA

There have been several developments since we provided the mid-month update in November on the passage of the Infrastructure Investment and Jobs Act (IIJA):

Seeking Additional \$1.25 Billion for FTA 5307(h) Ferry Grant Program

Since the IIJA was signed into law in November, we have had numerous conversations with members of the Congressional delegation and other key stakeholders on Capitol Hill about strategy for obtaining the \$1.25 billion for the FTA 5307(h) Ferry Grant Program that was supposed to be included in the IIJA but was omitted by a drafting error. Our Congressional champions continue to believe there may be an opportunity to obtain this funding through an IIJA technical corrections bill, which could be attached to another must-pass piece of legislation, whether the annual appropriations bill or the annual defense policy bill.

Implementation of Electric or Low-Emitting Ferry Grant Program

The IIJA directs the U.S. Department of Transportation (DOT) to spend \$50 million per year FY22-FY26 (\$250 million total) to establish a pilot program to provide grants for the purchase of electric or low-emitting (methanol, natural gas, liquified petroleum gas, hydrogen, coal-derived liquid fuels, biofuels) ferries. We are seeking to provide input to the FTA as the agency develops guidance. Among other things, this guidance will determine how much of the \$250 million will go to Alaska and Cape-May Lewes, which are the only two systems that are referenced (albeit indirectly) in the legislation.

Transit Funding in IIJA

The IIJA also increased funding for the Section 5307 Urbanized Area Formula Grants program and the Section 5337 State of Good Repair program. This funding is distributed via formula. We are waiting for additional clarity on how much additional funding MTC will receive, and in particular, what that will mean for WETA.

FY22 Appropriations / Additional Funding for FTA 5307(h) Ferry Grant Program

It remains unclear when Congress will complete work on the 12 appropriations bills that provide funding for federal government operations. In the meantime, federal government agencies and departments are operating under a continuing resolution (CR), which provides funding at the previous year's levels. Whenever Congress does complete work on the FY22 appropriations process (likely sometime in early 2022), there will be additional funding for the FTA 5307(h) Ferry Grant Program, which would be in addition to the \$30 million that is currently available for this program on an annual basis. The House Transportation-HUD Appropriations bill includes an additional \$20 million for the 5307(h) program and the Senate version of the Transportation-HUD Appropriations bill increases funding for the 5307(h) program by \$13 million. We are advocating for the higher (House) funding level to be included in the final bill.

Build Back Better Act / Additional Funding for FTA

Congressional leaders are continuing to work with the White House to pass the Build Back Better (BBB) Act, the \$1.75 trillion bill that contains funding for social safety net programs and programs to combat climate change. The House of Representatives has taken up and passed the bill, but the Senate will need to act before President Biden can sign BBB into law. While Senate Majority Leader Chuck Schumer (D-NY) has indicated that he wants the Senate to pass BBB by the end of the year, he still does not have enough votes to make that happen – Schumer will need all 50 Democratic Senators to vote yes given that all 50 Republican Senators have committed to vote against the legislation. Several Democratic Senators that have taken issue with various provisions contained within the House bill, and at least one Democratic Senator believes BBB should be held up until there is a better understanding about any inflationary impacts.

The House-passed version of the Build Back Better Act contains \$9,750,000,000 for the "Affordable Housing Access Program", which is a competitive grant program to be administered by FTA and HUD and for which WETA is eligible.

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, 2021

RE: November / December 2021 - Legislative Update

Legislative Update

Legislators are on recess until January 3, 2022 when they reconvene for the new legislative session. Informational hearings are taking place on a variety of topics and discussions continue on transit funding as part of the high-speed rail budget agreement between the legislature and the Governor.

Funding for WETA Priorities

We hosted meetings this last month with CalSTA Secretary David Kim, the Assembly Transportation Committee Chair Laura Friedman, Senator Scott Weiner, and Assemblymember Buffy Wicks to discuss WETA's request for \$37 million necessary to complete the Mission Bay Ferry Landing (see attachment). This request could be allocated either through the surplus transportation funding in this year's budget that is still under discussion or as a part of next year's budget. In addition, we continue to meet with legislative staff, administration stakeholders and transit stakeholders regarding the inclusion of ferries in state transit programs so all forms of transit are eligible for state finding programs.

Budget Update

The legislature and governor were not able to come to agreement in September on a funding compromise for high-speed rail and various transportation infrastructure expenditures that were included in the prior budget passed in July. As a result, \$2.5B in Transit and Intercity Rail Capital Program funding, \$500 million for the Active Transportation Program, and \$400 million for Climate Adaptation on Transportation Infrastructure have reverted back to the general fund. Preliminary discussions are currently taking place regarding this surplus transportation funding, and as noted above, WETA is educating the delegation about our funding needs in the event specific transportation projects can be funded through this surplus. We expect formal negotiations to occur between the Newsom Administration and State Legislature to recommence as we approach 2022.

2022 Legislative Preview

We are exploring two legislative proposals for 2022:

1. Adding the construction of new ferry terminals and the installation of shore-side charging infrastructure to SB 288 (2020) which exempts certain transit projects from being required to go through the CEQA process. These types of projects must receive permits from many other permitting agencies which require technical studies, public consultative processes and environmental mitigations which are duplicative with CEQA. By including these projects in the SB288, the timeline for these projects could be shortened by a year or two while and would not diminish the public consultative process and environmental mitigations required under CEQA.
2. Seeking amendments to existing state transportation funding sources to explicitly include "ferries" alongside other forms of transit such as bus or rail so all forms of transit have equal access to state resources.

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Kevin Connolly, Planning & Development Manager
Taylor Rutsch, Transportation Planner

SUBJECT: Monthly Ridership and Recovery Report

Background

The WETA Pandemic Recovery Plan (Plan) began on July 1, 2021 with the enhancement of the Vallejo, Oakland & Alameda, and Richmond routes, the restart of the suspended Harbor Bay route, and the launch of the new Alameda Seaplane route. The following weekend also marked the relaunch of weekend service on the Vallejo, Oakland & Alameda, and Richmond routes. The Plan lowered fares across the WETA system. Future 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

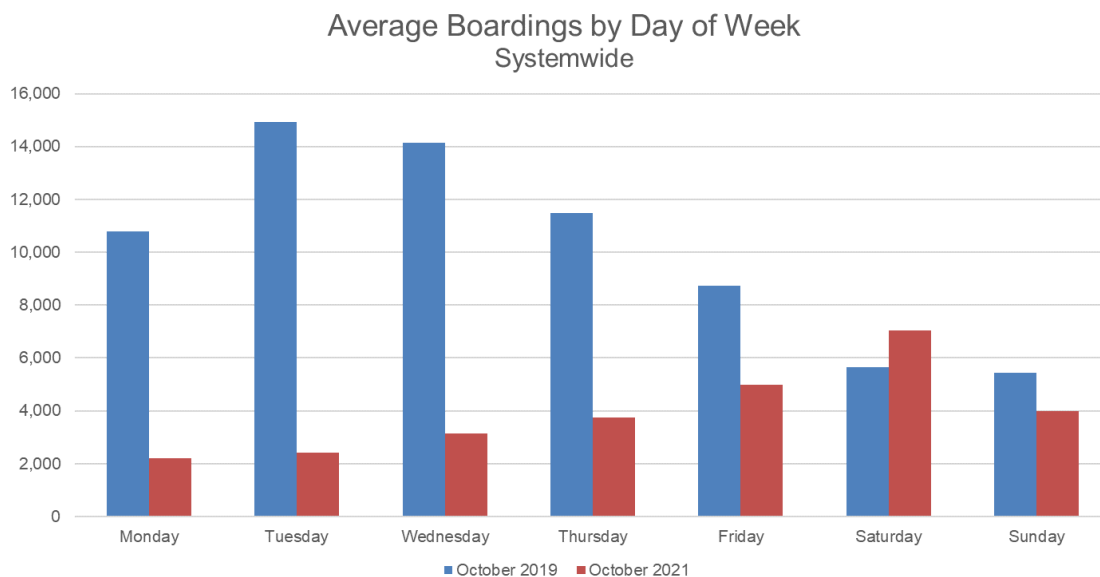
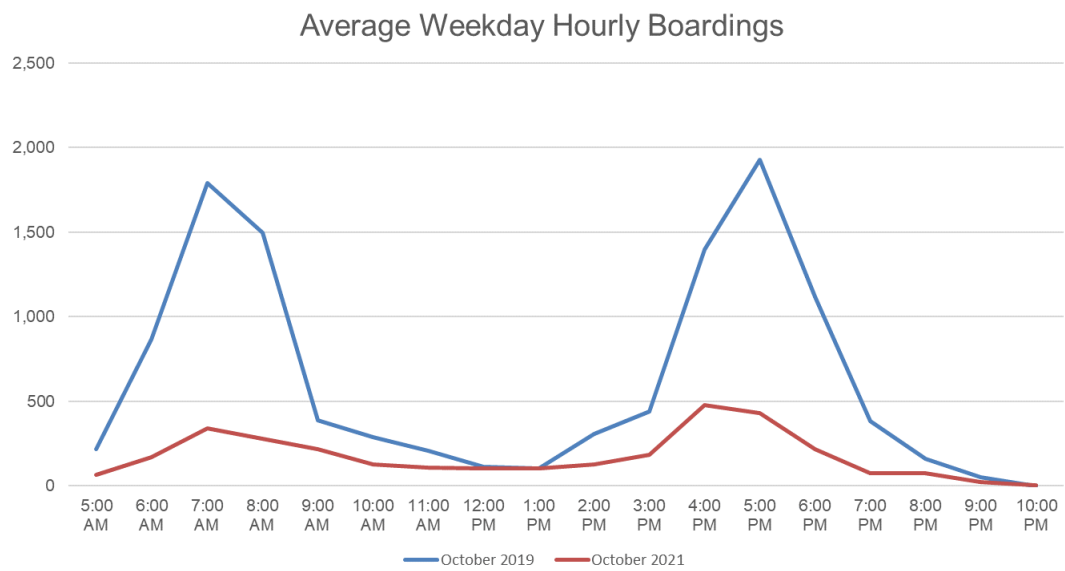
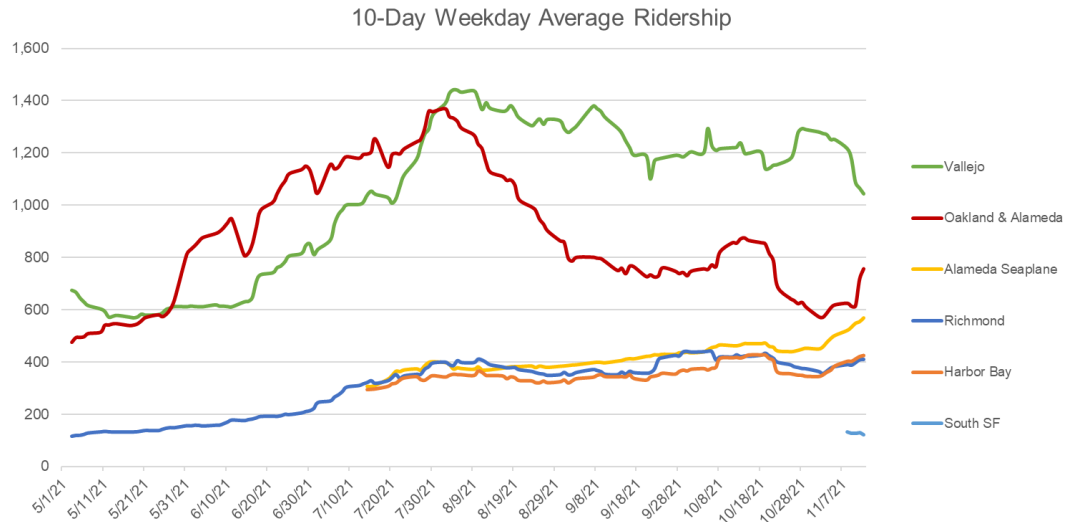
Systemwide ridership grew significantly in July as WETA launched the Plan. Ridership has continued to grow through October and November after dropping slightly in September due to impacts of the COVID Delta Variant. Ridership is still above WETA's budget projections and compares favorably to other regional transit operators (measured as a percent of pre-pandemic ridership).

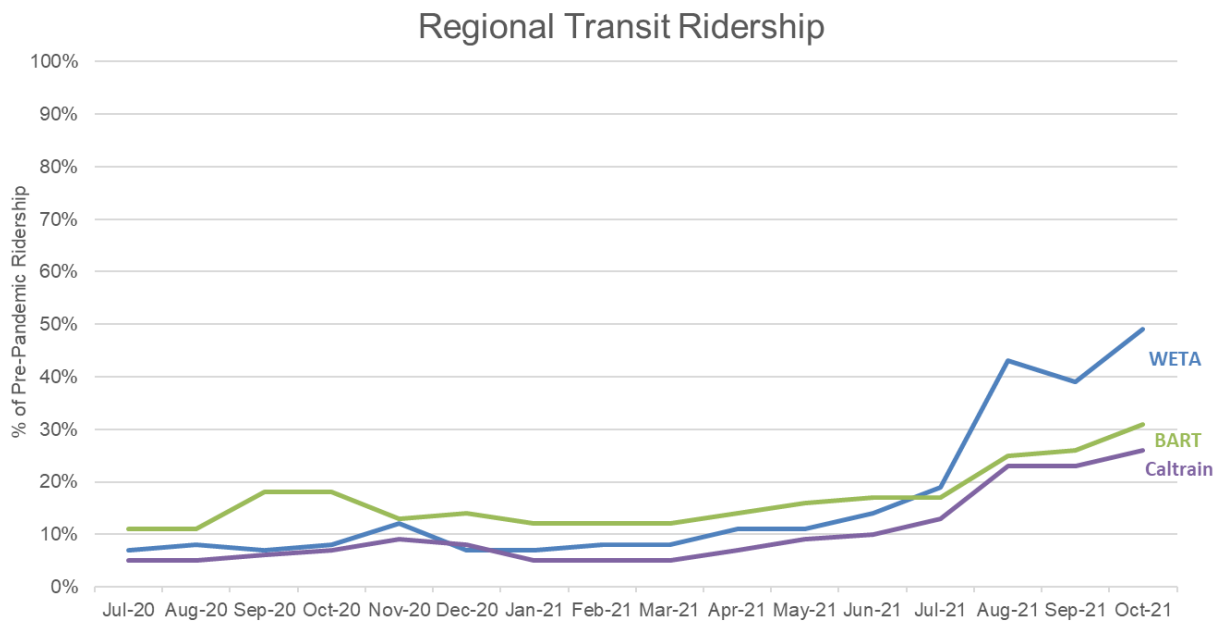
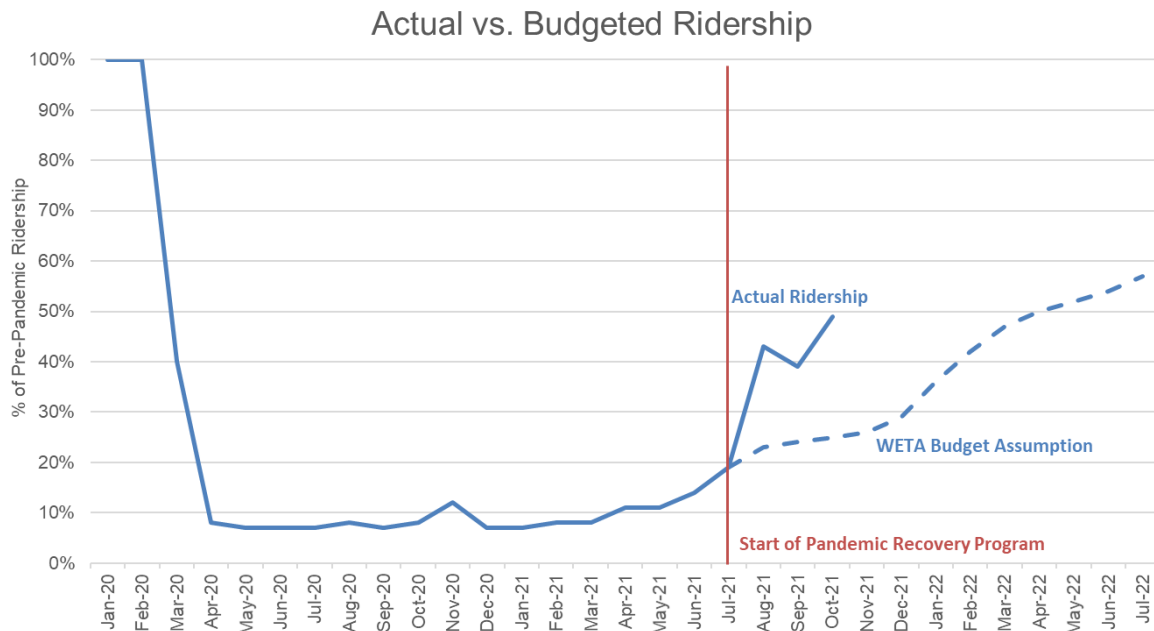
Highlights:

- Weekend ridership has remained particularly strong through October and into November. Average Saturday ridership in October 2021 was higher than in October 2019. Continuing the trend of strong weekend ridership with the launch of the Plan
- The South San Francisco route relaunched on Monday November 8th after nearly two years of suspension due to COVID. The route has averaged around 150 boardings per day during its first two weeks of service.
- The Oakland & Alameda, Alameda Seaplane, Richmond, and Harbor Bay routes all saw steady weekday ridership growth through the end of October and early November
- The Vallejo route remains WETA's busiest route with over 1,000 daily weekday riders. This is despite it being the only service not to see steady growth in October and November

Recommendations

There are no proposed service adjustments at this time.





October 2021		Oakland & Alameda*	Vallejo*	Richmond	Harbor Bay	Alameda Seaplane	South San Francisco**	Systemwide
Boardings	vs. last month	Total Passengers October 2021	45,106	40,689	11,860	8,059	9,610	115,324
		Total Passengers September 2021	19,977	27,325	8,674	7,467	8,917	72,360
		Percent change	125.79%	48.91%	36.73%	7.93%	7.77%	59.38%
	vs. same month last year	Total Passengers October 2021	45,106	40,689	11,860	8,059	9,610	115,324
		Total Passengers October 2020	6,262	11,322	2,128	-	-	19,712
		Percent change	620.31%	259.38%	457.33%	-	-	485.04%
	vs. pto FY to date	Total Passengers Current FY To Date	157,099	154,011	41,779	30,092	34,466	417,447
		Total Passengers Last FY To Date	22,900	27,960	6,601	-	-	57,461
		Percent change	586.02%	450.83%	532.92%	-	-	626.49%
Ops Stats	Avg Weekday Ridership October 2021		2,050	1,850	539	366	437	5,242
	Passengers Per Hour October 2021		90	55	34	40	65	59
	Revenue Hours October 2021		500	741	353	201	147	1,942
	Revenue Miles October 2021		6,994	20,174	6,333	4,154	2,425	40,080
	Farebox Recovery Year-To-Date		25%	26%	9%	10%	11%	20%
	Peak hour utilization, AM – October 2021		11%	19%	15%	21%	15%	16%
	Peak hour utilization, PM – October 2021		15%	33%	19%	22%	14%	21%
Fuel	Fuel Used (gallons) – October 2021		64,770	150,150	38,273	20,609	64,770	285,846
	Avg Cost per gallon – October 2021		\$3.03	\$3.03	\$3.03	\$3.03	\$3.03	\$3.03

* Includes special event ridership to/from Oracle Park and/or Chase Center

** Service suspended on the South San Francisco route until November 2021

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director

SUBJECT: Adopt a Resolution Regarding Remote Meetings Pursuant to Assembly Bill 361

Recommendation

Adopt a resolution authorizing the WETA Board to meet remotely pursuant to the provisions of AB 361.

Background/Discussion

In March 2020, the Governor of California issued several executive orders in response to the COVID-19 pandemic suspending portions of the Ralph M. Brown (Brown) Act to allow Board members to participate remotely in Board meetings without complying with the Brown Act's restrictions on such remote attendance. (Executive Order N-25-20 and N-29-20)

The Governor's executive order that specifically waived certain requirements of the Brown Act expired on September 30, 2021. On September 16, 2021, the Governor signed Assembly Bill (AB) 361 into law, effective on October 1, 2021. AB 361 amends the Brown Act to allow legislative bodies to meet remotely without complying with traditional teleconference meeting rules, provided there is a state of emergency and either (1) state or local officials have imposed or recommended measures to promote social distancing or (2) the legislative body determines by majority vote that meeting in person would present imminent risks to the health and safety of attendees.

The Governor-declared state of emergency continues to be in effect and both state and local officials continue to recommend measures to promote physical distancing. WETA's Board meetings therefore are in accordance with AB 361's requirements.

In order to qualify for AB 361, the Board must, within 30 days of its first meeting under AB 361, and every 30 days thereafter, make findings that it has reconsidered the circumstances of the state of emergency and that either or both (a) the state of emergency continues to directly impact the ability to meet safely in person and/or (b) state or local officials continue to impose or recommend measures to promote social distancing.

The Executive Director recommends that the Board adopt these findings with the understanding that the Board would need to approve a similar resolution every 30 days if it wishes to continue to meet under AB 361's requirements for teleconference Board meetings.

Fiscal Impact

There is no fiscal impact associated this recommendation.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2021-32

FINDINGS PURSUANT TO AB 361 TO CONTINUE REMOTE PUBLIC MEETINGS

WHEREAS, on March 4, 2020, Governor Gavin Newsom declared a State of Emergency to make additional resources available, formalize emergency actions already underway across multiple state agencies and departments, and help the State prepare for a broader spread of COVID-19; and

WHEREAS, the State of Emergency remains in effect; and

WHEREAS, the California Department of Public Health and the Department of Industrial Relations have imposed or recommended measures to promote social distancing, and the San Francisco Public Health Department continues to recommend measures to promote social distancing in combination with other safety precautions when activities occur in shared indoor spaces to mitigate the risk of COVID-19 transmission; and

WHEREAS, on September 16, 2021, the Governor signed Assembly Bill 361 into law as urgency legislation that went into effect on October 1, 2021, amending Government Code Section 54953 of the Brown Act to allow legislative bodies to continue to meet remotely without conforming to Brown Act teleconferencing rules if the legislative body holds a meeting during a proclaimed state of emergency, and if state or local officials have imposed or recommended measures to promote social distancing; now, therefore, be it

RESOLVED that the Board of Directors has considered the circumstances of the State of Emergency and finds that:

- a. The factors triggering the State of Emergency continue to directly impact the ability of the members of the Board and members of the public to meet safely in person; and
- b. state or local officials continue to recommend measures to promote social distancing; and be it further

RESOLVED, that the Board of Directors will reconsider the circumstances of the state of emergency and revisit the need to conduct meetings remotely within 30 days of the adoption of this resolution.

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 9, 2021.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2021-32

END

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

(November 4, 2021)

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session via videoconference consistent with AB 361 as codified in Government Code Section 54953.

1. CALL TO ORDER

Vice Chair Monique Moyer called the meeting to order at 1:07 p.m. She explained that Chair James Wunderman would be joining shortly but would get the meeting started. She welcomed directors, staff, and meeting guests and noted that the meeting was being recorded. She advised guests about offering public comment and how guests could sign up to speak throughout the meeting.

2. ROLL CALL

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

3. REPORTS OF DIRECTORS

Vice Chair Moyer mentioned that the Occupational Safety and Health Administration (OSHA) had issued their federal temporary order on the federal requirements related to COVID vaccinations and/or testing for companies of 100 employees or more. She thanked staff for their efforts in supporting the Giants and Warriors.

4. REPORT OF BOARD CHAIR

Chair James Wunderman joined the meeting at 1:10 p.m. He reported the passing of Alameda County Supervisor Wilma Chan and suggested that the meeting be adjourned in her honor. Chair Wunderman said that he was pleased to see that the California Air Resources Board (CARB) had considered WETA's recommendations related to harbor craft regulations.

5. REPORTS OF STAFF

Executive Director Seamus Murphy asked Chief Financial Officer Erin McGrath to introduce new staff, Accountant Sherry Saephanh who most recently worked at the County of Marin.

Mr. Murphy reported on the first WETA Business Plan workshop engagement and that a summary would be shared including next steps. He invited Transportation Planner Taylor Rutsch to provide a summary the Metropolitan Transportation Commission (MTC) and the Association of Bay Area Governments' (ABAG) on Plan Bay Area 2050 which included expansions to Berkeley, Mission Bay, and Redwood City as well as service enhancements on all existing routes as approved by the WETA Board. Mr. Rutsch stated that MTC/ABAG formally adopted the plan and noted that the projects were rated on their environmental, economic, and equity impacts to the region using a cost benefit ratio and equity score developed by MTC staff.

Mr. Murphy said that WETA was pleased with the amendment revisions that would be presented to the CARB Board for approval relating to emergency response and funding eligibility for proceeding

with an alternative compliance plan. He reported that WETA had received an additional \$10.6 million from MTC from the American Rescue Plan Act (ARPA) and that WETA would submit an application to compete for another \$2.2 billion Federal Transit Administration (FTA) grant program for supplemental ARPA funding.

Mr. Murphy stated that virtual meetings were allowed to continue under state legislation but that counties were moving forward with different requirements for meeting in person. He said that it was time for WETA to think about meeting in person to communicate and give the perception that riding transit in person was also safe adding that a firm proposal and recommendation would be brought to the Board in December.

Mr. Murphy provided five written reports and offered to answer questions.

The Directors thanked staff for the positive news relating to the CARB changes. They commented that it was important to return to some sense of normality by meeting in person and that a hybrid method would allow WETA to meet in various cities in the region and capture parties that might not otherwise be able to attend in person.

Chair Wunderman called for public comments, and there were none.

6. CONSENT CALENDAR

Director DelBono made a motion to approve the consent calendar:

- a. Adopt a Resolution in Accordance with Assembly Bill 361 Finding that the Proclaimed State of Emergency Continues to Impact the Ability to Meet Safely in Person
- b. Board Meeting Minutes – October 7, 2021
- c. Approve Board of Directors Meeting Schedule for Calendar Year 2022
- d. Authorize Execution of Documents for Transit and Intercity Rail Capital Program
- e. Authorize Submission of State Transit Assistance Claim
- f. Authorize Release of a Request for Proposal for an Integrated Fare Ticketing System

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

Director Intintoli seconded the motion, and the consent calendar carried unanimously.

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

7. APPROVE REVISIONS TO THE ADMINISTRATIVE CODE TO ADDRESS THE FTA'S FINDINGS IN THE FISCAL YEAR 2021 TRIENNIAL REVIEW FINAL REPORT

Mr. Murphy presented this item recommending approval of the revisions to the Administrative Code to address the FTA's findings in the Fiscal Year 2021 Triennial Review Final Report.

The five findings were in the area of procurement, one of which require revisions to the Administrative Code to include specific language that WETA historically includes in individual procurement documents. The revisions help proposers responding to procurements understand exactly what WETA is seeking to procure, the requirements that proposers need to fulfill in order to be competitive for those procurements, and the evaluation factors that would be used to make a decision.

Mr. Murphy said that the other four items are small changes to the procurement checklist that can be handled administratively by staff.

Director Intintoli made a motion to approve the item.

Chair Wunderman called for public comments, and there were none.

Director Alba seconded the motion, and the item passed unanimously.

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

8. AUTHORIZE RELEASE OF A REQUEST FOR PROPOSAL FOR CONSTRUCTION MANAGEMENT SERVICES FOR THE REPLACEMENT VESSEL – MV INTINTOLI PROJECT

Engineering & Maintenance Administrator Jeffery Powell presented this item authorizing release of a Request for Proposal (RFP) for Construction Management Services for the Replacement Vessel – MV *Intintoli* project (Project), pending FTA approval of WETA's proposed Disadvantaged Business Enterprise (DBE) project goal.

Mr. Powell stated that the intent was to release an RFP for a price blind competition. He introduced Government & Regulatory Affairs Manager Lauren Gulate to elaborate on the overall DBE goals.

In response to Director's questions, Mr. Powell said that the vessel would be a 250 to 350-passenger ferry focusing on a zero-emission vessel. Mr. Murphy stated that the procurement of a zero-emission vessel would give WETA the opportunity to start implementing its alternative compliance plan that is awaiting approval from CARB. Ms. Gulate reminded the Board that WETA hosted outreach events but that specialized expertise required in the maritime industry limited the number of qualified DBEs. Operations & Maintenance Manager Timothy Hanners stated that the mid-range vessel would serve Alameda and Oakland and possibly a future Berkeley and Mission Bay route.

Director Intintoli made a motion to approve the item.

Chair Wunderman called for public comments, and there were none.

Director DelBono seconded the motion, and the item passed unanimously.

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

9. BERKELEY PIER/FERRY STUDY AND FERRY SERVICE BUSINESS PLAN UPDATE

Principal Planner Michael Gougherty presented this informational item on a development project between the City of Berkeley and WETA to jointly build a dual-use ferry terminal and recreational facility. He introduced the City of Berkeley Parks, Recreation & Waterfront Deputy Director Christina Erickson to comment on the community engagement work and next steps and acknowledged Waterfront Manager Alexandra Endress.

Mr. Gougherty shared his presentation which included the phases of the Memorandum of Understanding (MOU) and key messages from the community. In response to Director Intintoli, Mr. Murphy stated that this project was dependent upon Regional Measure 3 (RM 3).

Mr. Gougherty invited CDM Smith Bill Hurrell and EPS Executive Vice President Ashleigh Kanat to present some preliminary findings from the WETA Berkeley Ferry Service Business Plan which include a service plan, ridership and market demand, and equity considerations.

Mr. Gougherty presented the alternatives that were evaluated for the waterside concept plan and a rendering of the preferred conceptual alternative along with its estimated costs.

The Directors thanked staff for the presentation and their hard work. They expressed their concerns about ensuring that the project could be funded and service operated without impacting the current WETA system.

Chair Wunderman called for public comments, and there were none.

10. WETA EMERGENCY RESPONSE UPDATE

Government & Regulatory Affairs Manager Lauren Gularte began by introducing new staff Government & Regulatory Affairs Specialist Terence Candell. She stated that Mr. Candell would be working on emergency response and the DBE and legislative programs.

Ms. Gularte provided an overview of the emergency response plans, WETA's role in the regional emergency framework, various validation exercises, and the staff training program.

Ms. Gularte introduced Planning & Development Manager Kevin Connolly to discuss a new service planning tool to rapidly respond to requests for information developed by Mr. Rutsch who provided an explanation of the output based upon certain assumptions and constraints.

In response to Chair Wunderman, Mr. Hanners stated that as part of the electric and infrastructure study that standby generators would be used to provide power for the batteries on the float and the electric vessels.

Director DelBono expressed his disappointment of the cancellation of Urban Shield, an exercise that brings a multitude of agencies together.

Ms. Gularte confirmed that government employees are disaster service workers in response to Vice Chair Moyer. Vice Chair Moyer suggested that the service planning tool be enhanced to include other variables and to figure out ways to communicate WETA's emergency response role.

The Directors thanked Ms. Gularte and the team for the presentation and stated that the exercises, training, and planning tools were beneficial.

Chair Wunderman called for public comments, and there were none.

11. PANDEMIC RECOVERY PROGRAM MARKETING AND OUTREACH CAMPAIGN UPDATE

Public Information & Marketing Manager Thomas Hall presented this informational item explaining the objectives of the marketing campaign and providing ad metrics.

Mr. Hall said that the digital media advertising campaign included programmatic display, search, social video, and standard social media ads. He added that WETA has received heavy media coverage and thanked and recognized Sarah Egerman, Daniel Hutson, and Janis MacKenzie of MacKenzie Communications for their strategic thinking and creativity to get the campaign launched.

The Directors thanked Mr. Hall for the presentation, the success of the Pandemic Recovery Program, and the staff of Blue & Gold Fleet.

Chair Wunderman called for public comments, and there were none.

12. PUBLIC COMMENTS FOR NON-AGENDA ITEMS

No further public comments were shared.

Director DelBono commented that Supervisor Chan will be missed. She was tough but compassionate and was always helping the community, especially the underserved.

With all business concluded, Chair Wunderman adjourned the meeting at 4:14 p.m. in memory of Supervisor Chan.

- Board Secretary

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Timothy Hanners, Operations & Maintenance Manager
Jeffery Powell, Engineering & Maintenance Administrator

SUBJECT: Authorize Release of a Request for Proposal for the South San Francisco Passenger Float Rehabilitation Project

Recommendation

Authorize release of a Request for Proposal (RFP) for refurbishment of the South San Francisco Passenger Terminal Float.

Background

The South San Francisco Ferry Terminal is in operation after a short period of non activity. Although the float at the terminal is in good shape, there are some needed updates to meet the life expectancy and maintain the standards our passengers expect. This is part of WETA's ten-year rehabilitation plan for the South San Francisco Passenger Float. All passenger facilities receive a 10- and 20-year rehabilitation as part of WETA's Capital Rehabilitation Program.

Discussion

This item requests Board authorization to release an RFP for rehabilitation of the passenger float at the South San Francisco Ferry Terminal. This project is a component of a ten-year rehabilitation plan. Work included in this project will be based on a walkthrough and inspection, and may include items such as walkways non-skid, railing inspection and refurbishment, lighting enhancements, communications connectivity, and coatings. The work will not affect passenger service. The RFP will be drafted and advertised on the WETA website, mailing lists, and possible other advertising methods. The potential proposers will have opportunity to present questions and clarifications about the RFP prior to the proposal due date. Once a qualified proposer is selected, we will return to the Board with recommendation to award to a selected vendor.

Fiscal Impact

There is no fiscal impact associated with the release of this Request for Proposal. Staff expects to return to the Board with a recommendation for contract award in 1st quarter of 2022. This is part of the ten-year rehabilitation plan that is funded 80% by federal funds and 20% local funds and is included in the FY 2022 budget. Funds were not available to complete this work prior to FY 2022.

END

MEMORANDUM

TO: Board Members

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

**SUBJECT: Receive the Independent Auditor's Reports for the Fiscal Year Ending
June 30, 2021**

Recommendation

Receive WETA's Annual Financial Reports for the fiscal year ending June 30, 2021, as audited and prepared by Maze & Associates, consisting of the following documents:

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

Background

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

Discussion

The reports for the fiscal year ending June 30, 2021, issued by Maze and provided for Board review, 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, the Management Discussion and Analysis, Basic Financial Statements and Required Supplementary Information for the year ending June 30, 2021. 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, 2021, 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.

A summary review of the financial position of WETA is provided in the Management Discussion and Analysis prior to the statements and notes. This shows a few important financial facts. First, WETA's net position – which is essentially the amount that assets exceeded liabilities – was \$474 million at June 30, 2021, a 1% increase from June 30, 2020. The report also reflects the dramatic change in operating revenues from the prior year, from \$17.1 million to \$1.9 million due to COVID-19 impacts. It also shows the increase in operating support from sources other than fares, from \$21.3 to \$31.8 million, reflecting the dramatic increase in federal COVID relief funds that allowed operations to resume and continue through the fiscal year. Total operating expenses, before depreciation, decreased by \$8.7 million from \$42.6 million to \$33.9 million over the prior year as a result of operating savings following COVID-19 service reductions. In addition, the report this year contains additional information reflecting the efforts of WETA in the past two years to clarify and fund its future retiree benefits. They are detailed in Notes 9 (Pension Plan) and 10 (Post Employment Health Care Benefit) starting on page 35 of the Financial Statements. Those notes reflect the CalPERS pension benefit funding status available to all WETA employees but also the status of WETA's longevity stipend which provides additional health care stipends for long-term employees. Through the creation of trust funds in the last fiscal year to address these long-term liabilities, WETA has been able to set aside the funds needed for those liabilities.

Single Audit Report

The Single Audit Report, provided as **Attachment C**, is a required examination of an entity that expends \$750,000 or more in federal funds 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. WETA expended \$18.6 million in federal funds during Fiscal Year 2021. Maze has audited the compliance of WETA with respect to the types of 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, 2021.

Measure B and Measure BB Fund Financial Statements

The Measure B and Measure BB Fund Financial Statements, provided as **Attachment D** and **Attachment E**, respectively, are required in relation to the receipt of Alameda County Measures B and BB funds in FY 2021. These reports include the financial statements for WETA's Measure B and BB funds and a 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. WETA expended \$1.2 million in Measure B funding and \$649,588 from Measure BB. It is Maze's opinion that WETA is in compliance with the laws and regulations, contracts, and grant requirements related to Measure B and Measure BB funds for the year ended June 30, 2021.

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

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

**MEMORANDUM ON INTERNAL CONTROL
AND
REQUIRED COMMUNICATIONS**

**FOR THE YEAR ENDED
JUNE 30, 2021**

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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, 2021

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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, 2021, 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.

A handwritten signature in black ink that reads 'Maze + Associates' in a cursive, stylized font.

Pleasant Hill, California
November 22, 2021

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MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

NEW GASB PRONOUNCEMENTS OR PRONOUNCEMENTS NOT YET EFFECTIVE

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

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.

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.

MEMORANDUM ON INTERNAL CONTROL

SCHEDULE OF OTHER MATTERS

GASB 91 – Conduit Debt Obligations (Continued)

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.

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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, 2021. 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 Matters

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 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.

The pronouncement became effective, but did not have a material effect on the financial statements.

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 pronouncement became effective, but did not have a material effect on the financial statements.

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, 2021, the Authority held approximately \$31.6 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, 2021. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2021.

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 22, 2021.

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.

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 22, 2021

**SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2021**

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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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 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, 2021, 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.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the Authority as of June 30, 2021, 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 22, 2021 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 the effectiveness of the Authority's 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 22, 2021

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, 2021. The information presented herein should be considered in conjunction with the accompanying financial statements and notes.

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. On 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 regional transportation 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 Statements describe and characterize the Authority's multiple functional roles in the regional transportation network. Under the *San Francisco Bay Ferry* brand, the Authority is responsible for carrying over three million passengers annually utilizing a fleet of 15 high speed passenger-only ferry vessels. San Francisco Bay Ferry currently serves the cities of Alameda, Oakland, Richmond, San Francisco, South San Francisco, and Vallejo.

FINANCIAL POSITION SUMMARY

Total net position may serve as a useful indicator of the Authority's financial position when taking all assets and liabilities into account. The Authority's assets and deferred outflows exceeded its liabilities and deferred inflows by \$474 million at June 30, 2021, a \$5.3 million or 1% increase from June 30, 2020.

The chart below summarizes the Authority's net position as of June 30, 2021, and compares it to the prior year. A discussion of some of the most significant balances follows the chart.

	Change in Net Position <i>(in thousands)</i>	
	2021	2020
Assets:		
Current and other assets	\$42,788	\$52,625
Capital assets	447,943	445,397
Total assets	\$490,730	\$498,022
Deferred Outflows of Resources:	\$703	\$683
Liabilities:		
Current liabilities	\$4,995	\$9,499
Unearned/deferred revenue	10,618	19,705
Other noncurrent liabilities	1,051	281
Total liabilities	\$16,664	\$29,485
Deferred Inflows of Resources:	\$444	\$154
Net Position:		
Net investment in capital assets	\$447,943	\$445,397
Restricted	9,606	7,835
Unrestricted	16,776	15,834
Total net position	\$474,325	\$469,066

The assets and deferred outflows totaled \$491.4 million on June 30, 2021, consisting of \$42.8 million in current assets such as cash and receivables, \$447.9 million in capital assets, and \$702,882 in pension and other post-employment benefits (OPEB)-related deferred outflows.

The increase in net assets resulted from a small increase of \$2.5 million in capital assets and the decrease of \$12.8 million in liabilities, mainly attributed to the decrease in total unpaid vendor invoices as of June 30, 2021. In addition to pending invoices, liabilities are primarily made up of unearned/deferred revenues that are tied to future project expenses, primarily Proposition 1B (Prop 1B) grant funds that are committed but yet to be expended.

The largest portion of the Authority's net position (94%) represents its investment in capital assets (i.e., ferries, terminals, improvements, and equipment). These capital assets are used to provide

services to passengers and increased by 1% during the year reflecting a slower pace of capital activity than the prior year.

Within the Authority's net position are restricted assets, which represents resources that are subject to external restrictions imposed by grantors and contributors, which increased by \$1.8 million during the year. The remaining unrestricted net position, \$16.8 million, are unencumbered and may be used to meet future obligations.

Notes to the Basic Financial Statements

The notes to the basic financial statements, which follow the statements themselves in this document, provide additional information that is essential to a full understanding of the financial data provided in the financial statements. They include further description of important elements of the Authority's financial statements and implementation of new accounting standards as required by the Governmental Accounting Standards Board. Over the past several years, the Authority has implemented a number of new GASB statements related to employee pension and other post-employment benefits, referred to as OPEB. Those statements have resulted in significant pension and OPEB information reflected in the statements and notes and in the Authority's decision to create trust funds to address those obligations.

FISCAL YEAR 2021 FINANCIAL HIGHLIGHTS

The following table summarizes the Statement of Activities and the change in Net Position of governmental activities, for the year ended June 30, 2021, as compared to June 30, 2020:

Statement of Activities and Changes In Net Position (in thousands)			
	2021	2020	Favorable/ (Unfavorable) Change From 2020
Operating revenues	\$1,936	\$17,170	(\$15,234)
Operating expenses	(33,905)	(42,564)	8,659
Loss before depreciation and other non-operating revenues and expenses	(31,969)	(25,394)	(6,575)
Depreciation	(18,362)	(17,104)	(1,257)
Operating loss	(50,331)	(42,498)	(7,833)
Other non-operating revenues and expenses, net	28,013	24,803	3,210
Loss before capital contribution	(22,318)	(17,695)	(4,623)
Capital contributions	27,577	47,130	(19,553)
Change in Net Position	5,259	29,435	(24,176)
Net Position, beginning	469,067	439,632	29,435
Net Position, ending	\$474,325	\$469,067	\$5,259

Revenues

A summary of revenues for the year ended June 30, 2021, and the amount of change in relation to prior year amounts (in thousands) is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease) From 2020</u>
Operating Revenues:			
Alameda Harbor Bay Ferry Service	\$0	\$1,111	(\$1,111)
Alameda / Oakland Ferry Service	545	5,947	(5,403)
Vallejo Ferry Service	1,256	8,453	(7,196)
South San Francisco Ferry Service	0	764	(764)
Richmond Ferry Service	135	895	(760)
Total operating revenues	<u>\$1,936</u>	<u>\$17,170</u>	<u>(\$15,234)</u>
Non-operating Revenues:			
Operating assistance	\$31,822	\$21,262	\$10,560
Investment / Interest Income	71	285	(215)
Non-Transportation Revenue	0	26	(26)
Total non-operating revenues	<u>31,893</u>	<u>21,574</u>	<u>10,319</u>
Capital contributions:	<u>27,577</u>	<u>47,130</u>	<u>(19,553)</u>
Total Revenues	<u>\$61,405</u>	<u>\$85,874</u>	<u>(\$24,469)</u>

- Revenue generated from operations (farebox revenue) decreased by \$15 million or 89% from the prior year as the Authority experienced significant ongoing reductions in system ridership as the result of the COVID-19 pandemic.
- Non-operating revenues increased by \$10.3 million or 48%. This increase was attributed to the increased reliance on Local and Federal assistance to support operations due to ridership and fare revenue decreases brought on by continued impacts of the COVID-19 pandemic.
- Capital grants and contributions from Federal, State, and Local governments decreased by \$19.6 million, or 41% attributed primarily to the completion or near completion of several major capital projects. Capital contributions also includes \$10.8 million related to the value of the Seaplane Lagoon terminal constructed primarily with funding from other jurisdictions.

Expenses

A summary of expenses for the year ended June 30, 2021, and the amount of change in relation to prior year amounts (in thousands), is as follows:

	<u>2021</u>	<u>2020</u>	<u>Increase/ (Decrease) From 2020</u>
Operating Expenses:			
Alameda Harbor Bay Ferry Service	\$1,683	\$2,600	(\$917)
Alameda / Oakland Ferry Service	8,546	13,218	(4,671)
Vallejo Ferry Service	15,549	17,339	(1,790)
South San Francisco Ferry Service	1,333	2,278	(945)
Richmond Ferry Service	4,157	3,386	770
Seaplane Lagoon Ferry Service	124	0	124
Planning & Administration	2,514	3,743	(1,229)
Total operating expenses, excluding depreciation	<u>\$33,905</u>	<u>\$42,564</u>	<u>(\$8,659)</u>
Other Expenses:			
Depreciation	18,362	17,104	1,257
(Gain)/Loss on disposal of assets	<u>(3,880)</u>	<u>(3,229)</u>	<u>650</u>
Total other expenses	<u>14,482</u>	<u>13,875</u>	<u>607</u>
Total Expenses	<u>\$48,388</u>	<u>\$56,439</u>	<u>(\$8,052)</u>

- Total operating expenses, before depreciation, decreased by \$8.7 million, or 20%, over the prior year as a result of operating savings following COVID-19 service reductions. Seaplane Lagoon ferry service expenses reflect startup costs for service that began after June 30, 2021.

CONSTRUCTION ACTIVITIES AND CAPITAL ACQUISITIONS

During 2021, the Authority expended \$15 million on capital activities. (See Note 4 for further information.) This included the following major projects:

- San Francisco Berthing Expansion – Final Costs (\$1.7 million)
- Construction of Two 445-Passenger Expansion Vessels—Final Costs (\$1.6 million)
- Purchase/Construct New Commuter Class High-Speed Vessels (\$6.8 million)
- Engine and Gear Overhauls – M/V Pisces, Bay Breeze and Peralta (\$1.1 million)
- Purchase/Construct Two Replacement Vessels – Bay Breeze and Solano (\$3 million)

PROGRAM INITIATIVES AND OUTLOOK

The Authority will continue its efforts at pandemic recovery with an eye towards rebuilding ridership on all six 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, develop a service plan that matches demand and available resources, continue work on the Berkeley, Redwood City, Treasure Island service studies, and further WETA's efforts to build and transition its fleet to zero emission capabilities.

- **Facility and Terminal Development** – Staff will continue to monitor, and support project development and activities associated with new Mission Bay and Treasure Island ferry terminals. Staff has undertaken a feasibility study to reconfigure the Vallejo Ferry Terminal in an effort to either eliminate or reduce the frequency of future dredging requirements at that facility.
- **Fleet Development** – In addition to supporting the Authority’s ongoing fleet construction and rehabilitation program, staff will continue work on a zero-emission infrastructure study that will pave the way to operate zero emissions vessels and convert 50% of the fleet by 2035. Staff is currently pursuing a demonstration project to assess the feasibility of retrofitting existing ferries with diesel particulate filters in advance of CARB regulations which will require stricter limits on diesel particulate emissions.
- **Emergency Response Program/Training** – Authority staff will continue to participate in local, regional, and state emergency exercises, meetings and planning discussions and efforts to improve internal training exercises including in-person emergency simulations.
- **Public Relations and Communications** – Ongoing development of the Authority’s community outreach program will focus on building grassroots advocacy for mission priorities and to expand awareness of current San Francisco Bay Ferry service. Staff will also work to enhance and refine the brand image and awareness of the Water Emergency Transportation Authority and its current projects (including emergency response) to assist in advocacy for additional funding for sustained operations and capital projects coming out of the COVID-19 crisis.
- **Marketing** – Staff will continue to market San Francisco Bay Ferry service under the Authority’s Pandemic Recovery Program and any service or fare changes in the coming year. Specific focus will be on marketing off-peak and weekend service, Oakland weekday commute service, and bringing underrepresented communities into the ferry system. Digital, onboard, and community-based marketing will be the primary modes of marketing.
- **Business Plan:** The Authority will continue work that commenced at the end of Fiscal Year 2021 on a business plan meant to establish a vision for sustaining and potentially expanding its world-class ferry system. Topics to be explored in the development of the Business Plan include ferry service expansion and fleet planning, emergency response, rider access, funding sources and priorities, organizational structure, performance measures and quality of service, and equity and diversity policies.

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, 2021

ASSETS

Current Assets	
Cash and cash equivalents (Note 3)	\$31,622,057
Receivables:	
Accounts	5,111,989
Interest	13,847
Security deposit	76,432
Inventory	93,215
Prepaid expenses	5,221,252
Net OPEB Asset (Note 10)	648,874
Total Current Assets	<u>42,787,666</u>
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	26,128,888
Depreciable capital assets, net	
Ferries	164,643,893
Terminal development rights	2,861,500
Floats, piers and gangways	8,982,675
Ferry terminal and facilities	244,968,122
Equipment and service vehicles	357,706
Total Capital Assets	<u>447,942,784</u>
Total Assets	<u>490,730,450</u>

DEFERRED OUTFLOWS OF RESOURCES

Related to pensions (Note 9)	680,482
Related to OPEB (Note 10)	22,400
Total Deferred Outflows of Resources	<u>702,882</u>

LIABILITIES

Current Liabilities	
Accounts payable	4,391,258
Other accrued liabilities	468,651
Unearned revenue - fares	1,924
Compensated absences (Note 2C)	133,157
Total Current Liabilities	<u>4,994,990</u>
Noncurrent Liabilities	
Compensated absences (Note 2C)	131,298
Unearned revenue - State Appropriation (Note 5A)	1,058,821
Unearned revenue - Prop 1B (Note 5C)	8,306,151
Unearned revenue -STA-SGR (Note 5E)	1,071,480
Unearned revenue -LCTOP (Note 5F)	919,752
Collective net pension liability (Note 9)	181,316
Total Noncurrent Liabilities	<u>11,668,818</u>
Total Liabilities	<u>16,663,808</u>

DEFERRED INFLOWS OF RESOURCES

Related to pensions (Note 9)	222,936
Related to OPEB (Note 10)	221,261
Total Deferred Inflows of Resources	<u>444,197</u>

NET POSITION (Note 8)

Net investment in capital assets	447,942,784
Restricted	9,606,425
Unrestricted	16,776,118
Total Net Position	<u>\$474,325,327</u>

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2021

OPERATING REVENUES

Farebox revenue	<u>\$1,936,267</u>
Total Operating Revenues	<u>1,936,267</u>

PROGRAM OPERATING EXPENSES

Personnel costs	3,395,274
Administrative expenses	4,385,280
Legal and consulting	1,910,768
Purchased transportation	22,465,376
Insurance premiums	1,748,700
Depreciation (Note 4)	<u>18,361,730</u>
Total Program Operating Expenses	<u>52,267,128</u>

OPERATING LOSS	<u>(50,330,861)</u>
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NON-OPERATING REVENUES (EXPENSE)

Metropolitan Transportation Commission	13,602,228
Federal Transit Administration	14,381,448
Contra Costa Transportation Authority	3,586,206
State of California	252,139
Interest/Investment earnings	70,637
Loss on disposal of asset	<u>(3,879,542)</u>
Total Non-operating Revenues	<u>28,013,116</u>

CAPITAL GRANTS AND CONTRIBUTIONS	42,210,152
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California Office of Emergency Services	8,994,871
Federal Transit Administration	4,257,682
Alameda County Transportation Commission	2,047,132
City of Alameda	735,939
Metropolitan Transportation Commission	537,826
San Francisco County Transportation Commission	240,000
Donated asset	<u>10,763,115</u>
Total capital grants and contributions	<u>27,576,565</u>

CHANGE IN NET POSITION	5,258,820
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NET POSITION - BEGINNING	<u>469,066,507</u>
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NET POSITION - ENDING	<u><u>\$474,325,327</u></u>
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See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2021

CASH FLOWS FROM OPERATING ACTIVITIES

Receipts from customers	\$1,938,191
Payments to vendors and consultants	(36,238,067)
Payments to or on behalf of employees	<u>(3,134,018)</u>
Net cash flows from (used for) operating activities	<u>(37,433,894)</u>

CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES

Intergovernmental collections	<u>34,575,886</u>
Net cash flows from noncapital and related financing activities	<u>34,575,886</u>

CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES

Grant receipts used for capital activities	24,127,940
Payments for capital assets	(25,804,105)
Loss on disposal of capital asset	<u>(3,879,542)</u>
Net cash flows from (used for) capital and related financing activities	<u>(5,555,707)</u>

CASH FLOWS FROM INVESTING ACTIVITIES

Interest receipts	<u>116,799</u>
Net cash flows from (used for) investing activities	<u>116,799</u>
Net cash flows	(8,296,916)

Cash and cash equivalents- beginning of year	<u>39,918,973</u>
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Cash and cash equivalents - end of year	<u><u>\$31,622,057</u></u>
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Reconciliation of operating loss to
net cash flows from operating activities:

Operating loss	(\$50,330,861)
Depreciation	18,361,730
Change in assets and liabilities:	
Security deposits	1,233
Inventory	
Prepaid expenses	(1,061,734)
Net OPEB asset	(202,484)
Accounts payable	(2,020,731)
Other accrued liabilities	(2,444,227)
Unearned fares	1,924
Compensated absences	(88,397)
Net Pension liability	79,369
Deferred outflows/inflows	<u>270,284</u>

Net cash flows used for operating activities	<u><u>(\$37,433,894)</u></u>
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See accompanying notes to financial statements

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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 created by the State Legislature to plan, manage, 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 Governor of California, the State Assembly, and the State Senate Subcommittee on Rules. 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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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, 2020	\$352,852
Additions	257,345
Payments	<u>(345,742)</u>
Balance at June 30, 2021	<u>264,455</u>
Due within one year	<u>133,157</u>
Due in more than one year	<u>\$131,298</u>

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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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 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 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. This Statement had no material effect on the financial statements.

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, 2021:

Investment Type	Total
California Local Agency Investment Fund	\$17,450,442
<i>Held by Trustees:</i>	
Money Market Mutual Fund	13,957,132
Total Investments	31,407,574
Cash in banks and on hand	214,483
Total Cash and investments	<u>\$31,622,057</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

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%
	N/A	N/A	No limit	No Limit
Local Agency Investment Program Fund (LAIF)				
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

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 291 and 47 days, respectively.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 3 – CASH AND INVESTMENTS (Continued)

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

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 4 – CAPITAL ASSETS (Continued)

Capital assets activity was as follows for the year ended June 30, 2021:

	Balance as of June 30, 2020	Additions	Deletions	Transfers/ Adjustments	Balance as of June 30, 2021
Capital assets not being depreciated:					
Construction in progress	\$18,029,547	\$15,040,990		(\$6,941,649)	\$26,128,888
Total assets not being depreciated	18,029,547	15,040,990		(6,941,649)	26,128,888
Capital assets being depreciated:					
Ferries	237,864,747		(\$9,355,804)	2,747,189	231,256,132
Terminal development rights	3,660,000				3,660,000
Floats, piers and gangways	15,676,990			400,617	16,077,607
Ferry terminal and facilities	251,368,375	10,763,115		3,723,562	265,855,052
Equipment and service vehicles	1,726,144		(164,648)	70,281	1,631,777
Total assets being depreciated	510,296,256	10,763,115	(9,520,452)	6,941,649	518,480,568
Less accumulated depreciation for:					
Ferries	(59,275,237)	(11,796,014)	4,459,012		(66,612,239)
Terminal development rights	(731,954)	(66,546)			(798,500)
Floats, piers and gangways	(6,512,063)	(582,869)			(7,094,932)
Ferry terminal and facilities	(15,026,475)	(5,860,455)			(20,886,930)
Equipment and service vehicles	(1,382,928)	(55,846)	164,703		(1,274,071)
Total accumulated depreciation	(82,928,657)	(18,361,730)	4,623,715		(96,666,672)
Net capital assets being depreciated	427,367,599	(7,598,615)	(4,896,737)	6,941,649	421,813,896
Capital Assets, Net	\$445,397,146	\$7,442,375	(\$4,896,737)		\$447,942,784

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, 2021, the appropriation has a balance as follows:

Original appropriation	\$12,000,000
Net expenses as of June 30, 2021	(10,697,009)
Unearned appropriation as of beginning of period	1,302,991
Fiscal year 2021:	
Add: Interest income	7,969
Less: Expended	(252,139)
Unearned appropriation as of period end	\$1,058,821

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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, 2021, the Authority expended a total of \$300,620 for capital. Of the total 2021 expenditures, the Authority received \$821,906 in cash and had a receivable balance of \$397,232.

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 \$13,747,500 to be used for operations in the fiscal year 2020-21. As of June 30, 2021, the Authority has expended total current allocated operating funds of \$13,602,228. The Authority received \$9,840,283 in cash and had a receivable balance of \$3,761,945.

AB664 – This source is named for the 1975 enabling legislation that established certain reserves from the original base toll. 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 AB664 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, 2021, the Authority had expended total allocated funds of \$237,206. Of the total 2020 receivable balance and 2021 expenditures, the Authority received \$274,551 in cash and had a receivable balance of \$1,206 at June 30, 2021.

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, 2021, the Authority had been awarded \$245 million in Proposition 1B allocations.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2021 are as follows:

Project Name	Grant Allocations	Interest Applied	Expended in Fiscal Year		Unearned Revenue at 06/30/21
			Prior years	2020-2021	
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	76,176,210		(74,016,300)	(\$16,447)	\$992,782
San Francisco Berthing Expansion	61,474,530	\$544,340	(49,187,580)	(1,467,115)	
WETA Ferry Vessels	73,525,470		(55,218,507)	(7,511,309)	6,756,111
East Bay Ferry Terminals	16,000,000		(16,000,000)		
Total	<u>\$245,000,000</u>	<u>\$544,340</u>	<u>(\$212,246,177)</u>	<u>(\$8,994,871)</u>	7,748,893
Add interest earned in prior years					1,103,203
Add interest earned in current year					(1,605)
Less interest applied to projects					<u>(544,340)</u>
Unearned Revenues					<u>\$8,306,151</u>

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).

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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, 2021, the Measure B and Measure BB program activity was as follows:

	Measure B	Measure BB
Program Revenues:		
Direct Local Program Distribution Allocation	\$1,238,469	\$811,210
Interest Earned - Measure B/BB Distribution	<u>(1,613)</u>	<u>(935)</u>
Total Measure B/BB Revenues	<u>1,236,856</u>	<u>810,275</u>
Program Expenditures:		
Construction / Capital:		
Terminal Rehabilitation - Alameda Main Street	(21,269)	
Replacement Vessel - M/V Bay Breeze		(586,784)
Engines Conversion - Gemini Class Vessels		<u>(61,869)</u>
Total Direct Local Distribution Program Expenditures	<u>(21,269)</u>	<u>(648,653)</u>
Revenue Over Expenditures/ Excess Net Change in Fund Balance	<u>1,215,587</u>	<u>161,622</u>
Fund Balance:		
Beginning Fund Balance	441,930	1,831,865
Ending Fund Balance	<u>\$1,657,517</u>	<u>\$1,993,487</u>
Reserves:		
Restricted for Measure B and Measure BB programs and projects	<u>\$1,657,517</u>	<u>\$1,993,487</u>
Unspent Funds as of the End of the Year:	<u>\$1,657,517</u>	<u>\$1,993,487</u>

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 is 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.

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EMERGENCY TRANSPORTATION AUTHORITY
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NOTE 5 – MAJOR FUNDING SOURCES (Continued)

During the fiscal year, the Authority received \$395,506 in SGR funding and incurred \$0 SGR expenditures. The Authority recorded a balance of unspent SGR proceeds and interest of \$1,071,480 as of June 30, 2021. Total funding allocated to the Authority as of June 30, 2021 is \$1,056,096.

Program Revenues:	
Allocation Received	\$395,506
Interest Earned	9,525
Total Program Revenues	<u>405,031</u>
 Change in fund balance	 405,031
 Beginning Program Fund Balance	 <u>666,449</u>
 Ending Program Fund Balance	 <u><u>\$1,071,480</u></u>

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.

During the fiscal year, the Authority received \$485,449 in LCTOP funding and incurred \$0 LCTOP expenditures. Total funding allocated from the LCTOP program to the Authority is \$485,449 as of June 30, 2021. The Authority recorded a balance of unspent LCTOP funding and interest of \$919,752 as of June 30, 2021.

G. Federal Funding Programs

The majority of federal funds received and utilized by the Authority to support its annual capital program are Federal Section 5307 Urbanized Area Formula Grants and Section 5337 State of Good Repairs Grants programmed annually by the Metropolitan Transportation Commission (MTC) and secured through direct grant applications and contracts with the Federal Transit Administration (FTA). These funds are currently available to support high priority capital rehabilitation and replacement projects. The Authority also receives Federal Highway Administration (FHWA) Ferry Boat Program funds and is eligible to receive FTA Passenger Ferry Grant Program funds for the construction of ferry boat and ferry terminal facilities. In fiscal year 2021, the Authority utilized \$4,257,682 in federal funds for capital repair and replacement projects.

**SAN FRANCISCO BAY AREA WATER
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NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 5 – MAJOR FUNDING SOURCES (Continued)

The Coronavirus Aid, Relief, and Economic Security (CARES) Act and Coronavirus Response and Relief Appropriations Act of 2021 (CRRSAA) provided supplemental funding to transit agencies to help prevent, prepare for, and respond to the COVID-19 pandemic. The total amount made available to each agency was based on funding appropriated under the Acts and metrics developed by MTC. As of June 30, 2021, the Authority was awarded \$18,759,857 through the CARES Act and \$18,353,738 from CRRSAA. In fiscal year 2021, the Authority utilized \$14,381,448 from the CARES Act funds to support operating expenses during continued impact from the COVID-19 pandemic.

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. Subsequent to June 30, 2021, The Authority entered into a new lease arrangement with the Port at a reduced rate.

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.

**SAN FRANCISCO BAY AREA WATER
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NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy coverage for fiscal year 2021:

<u>Type of Coverage</u>	<u>Limit</u>	<u>Deductible</u>
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
<u>Type of Coverage (related to Ferry Services)</u>		
Marine commercial liability, Terminal operators liability and Wharfingers liability	\$1,000,000 to 3,000,000	\$2,500
Auto liability		
2020 Toyota Camry	N/A	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.	178,528,930	25,000 to 250,000
Excess marine liability	24,000,000	N/A

The Authority did not have any claims in fiscal year 2021.

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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN

A. Plan Descriptions and Summary of Balances by Plan

Plan Descriptions – The Authority has three defined benefit pension plans, a Miscellaneous Plan (Plan), a Water Emergency Transportation Authority Plan and Replacement Benefit Plan. The Plan is a public agency cost-sharing multiple-employer defined benefit pension plan administered by the California Public Employees’ Retirement System (CalPERS). The Water Emergency Transportation Authority Plan and Replacement Benefit Plan are both a Single Employer Plan administered by the Authority. Benefit provisions under the Plans are established by State statute and Authority Ordinance.

Miscellaneous Plan – The Plan is administered by the California Public Employees’ Retirement System (“CalPERS”). Benefit provisions under the Plans are established by State statute and Authority resolution. CalPERS issues publicly available reports that include a full description of the pension plans regarding benefit provisions, assumptions and membership information that can be found on the CalPERS website.

Water Emergency Transportation Authority Plan and Replacement Benefit Plan – These plans were implemented on September 5, 2019 and are closed to new participants hired after January 1, 2013. These plans are separate from CalPERS and are established as a 401(a) Defined Benefit Plan. Both plans are administered by the Authority.

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 or the Trust. 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.

Below is a summary of the deferred outflows of resources, net pension liabilities and deferred inflows of resources by plan:

Plan	Deferred Outflows of Resources	Net Pension Liability (Asset)/Proportionate Share of Net Pension Liability (Asset)	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	\$680,482	\$273,245	\$132,310
Water Emergency Transportation Authority Plan		(98,224)	75,000
Replacement Benefit Plan		6,295	15,626
	<u>\$680,482</u>	<u>\$181,316</u>	<u>\$222,936</u>

Each plan is discussed in detail below.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

B. General Information about the CalPERS 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.

The Plan’s provisions and benefits in effect at June 30, 2021 are summarized as follows:

	Miscellaneous	
	Tier 1 - Prior to January 1, 2013	Tier 2 - On or after January 1, 2013
Hire date		
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	12.361%	7.732%

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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

For the year ended June 30, 2021, the contributions recognized as part of pension expense for each Plan were as follows:

	<u>Miscellaneous</u>
	<u>Tier I & Tier II</u>
Contributions - employer	\$254,421
Contributions - employee (paid by employer)	173,283

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, 2021, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	<u>Proportionate Share of Net Pension Liability (Asset)</u>
Miscellaneous	<u>\$273,245</u>
Total Net Pension Liability (Asset)	<u><u>\$273,245</u></u>

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, 2020, 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, 2019 rolled forward to June 30, 2020 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, 2019 and 2020 was as follows:

	<u>Miscellaneous</u>
Proportion - June 30, 2019	0.0025%
Proportion - June 30, 2020	0.0065%
Change - Increase (Decrease)	<u><u>0.003978%</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 – PENSION PLAN (Continued)

For the year ended June 30, 2021, the Authority recognized a pension expense of \$360,500. At June 30, 2021, 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	\$254,421	
Differences between actual and expected experience	14,081	
Changes in assumptions		(\$1,949)
Net differences in actual contributions and proportionate contributions	60,049	(130,361)
Net differences between projected and actual earnings on pension plan investments	8,117	
Adjustments due to changes in proportion	343,814	
Total	<u>\$680,482</u>	<u>(\$132,310)</u>

Deferred outflows of \$254,421 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, 2022. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

	Miscellaneous
Year Ended	Annual
June 30	Amortization
2022	\$150,875
2023	85,295
2024	53,688
2025	3,893
Total	<u>\$293,751</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

Actuarial Assumptions – For the measurement period ended June 30, 2020, the total pension liability was determined by rolling forward the June 30, 2019 total pension liability. The June 30, 2019 and June 30, 2020 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2019
Measurement Date	June 30, 2020
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
	Derived using CalPERS Membership Data for
	all Funds
Mortality Rate Table (1)	The lesser of contract COLA or 2.50% until
	Purchasing Power Protection Allowance Floor
Post Retirement Benefit Increase	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, 2019 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.

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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

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.

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	<u>100%</u>		

(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.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

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:

	<u>Miscellaneous</u>
1% Decrease	6.15%
Net Pension Liability (Asset)	\$1,396,457
Current Discount Rate	7.15%
Net Pension Liability (Asset)	\$273,245
1% Increase	8.15%
Net Pension Liability (Asset)	(\$654,830)

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

C. *General Information about the Water Emergency Transportation Authority Retirement Plan and the Water Emergency Transportation Authority Replacement Benefit Pension Plans*

Plan Description – 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.

Benefits Provided – The Retirement Plan and Replacement Benefit Plan provides Longevity Stipend benefits for eligible employees who were hired prior to January 1, 2013.

Employees Covered by Benefit Terms – Membership in the Retirement Plan consisted of the following at the measurement date of June 30, 2021:

Active plan members	5
Inactive employees or beneficiaries currently receiving benefit payments	3
Inactive employees entitled to but not yet receiving benefit payments	
Total	<u><u>8</u></u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

Employees Covered by Benefit Terms – Membership in the Replacement Benefit Plan consisted of the following at the measurement date of June 30, 2021:

Active plan members	1
Inactive employees or beneficiaries currently receiving benefit payments	1
Inactive employees entitled to but not yet receiving benefit payments	
Total	2

Actuarial Methods and Assumptions – The Authority’s net pension liability (asset) was measured as of June 30, 2021 and the total Pension liability (asset) used to calculate the net pension liability (asset) was determined by an actuarial valuation dated June 10, 2021, based on the following actuarial methods and assumptions for, both the Retirement Plan and Replacement Benefit Plan, respectively:

	Retirement Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Contribution Policy	Authority Contributed the projected 6/30/20 AAL (\$1,511,233) plus 2020/21 ADC as a percentage of payroll (\$124,700) for 2020/21 and will contribute the ADC as a percentage of payroll for future years.
Actuarial Assumptions:	
Discount Rate	6.00%
Long-Term Net Rate of Return	6.00%
Inflation	2.75%
Salary Increases	Aggregate - 3% annually CalPERS 1997-2015 Experience Study
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	The lesser of contract COLA or 2.50% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.50% thereafter
Participation at Retirement	PEMHCA - 100% Non-PEMHCA - 0%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25%

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

	Replacement Benefit Plan
Valuation Date	June 30, 2019
Measurement Date	June 30, 2021
Contribution Policy	Authority Contributed the project 6/30/20 AAL (\$327,270)
Actuarial Assumptions:	
Discount Rate	6.00%
Long-Term Net Rate of Return	6.00%
Inflation	2.75%
Salary Increases	Aggregate - 3% annually CalPERS 1997-2015 Experience Study
Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2019
Participation at Retirement	PEMHCA - 100% Non-PEMHCA - 0%
Medical Trend	Non-Medicare - 7.25% for 2021, decreasing to an ultimate rate of 4% in 2076
PEMHCA Minimum Increases	4.25%

The long-term expected rate of return on Retirement Plan and Replacement Benefit Plan investments was determined using a building-block method in which expected future real rates of return (expected returns, net of Pension 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	45%	4.82%
Fixed Income	50%	1.47%
REITs	3%	3.76%
Cash	2%	0.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.75%
Assumed Long-Term Net Rate of Return, Rounded		6.00%

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
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NOTE 9 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total Pension liability was 6.00%. 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 Pension plan's fiduciary net position was projected to be available to make all projected pension payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on Pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability (asset).

Changes in Net Pension Liability (Asset)

The changes in the net pension liability (asset) for the Retirement Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2020 (June 30, 2019 measurement date)	\$1,329,409		\$1,329,409
Changes Recognized for the Measurement Period:			
Service cost	193,544		193,544
Interest	181,668		181,668
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		\$1,635,933	(1,635,933)
Net investment income		173,135	(173,135)
Benefit payments and refunds	(15,107)	(15,107)	-
Administrative expenses		(6,223)	6,223
Net Changes	360,105	1,787,738	(1,427,633)
Balance at June 30, 2021 (June 30, 2021 measurement date)	<u>\$1,689,514</u>	<u>\$1,787,738</u>	<u>(\$98,224)</u>

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$15,107.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

The changes in the net Pension liability (asset) for the Replacement Benefit Plan is as follows:

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(c) = (a) - (b)
Balance at June 30, 2020 (June 30, 2019 measurement date)	\$291,722		\$291,722
Changes Recognized for the Measurement Period:			
Service cost	33,022		33,022
Interest	39,018		39,018
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		\$327,270	(327,270)
Net investment income		36,420	(36,420)
Benefit payments and refunds	(6,473)	(6,473)	-
Administrative expenses		(6,223)	6,223
Net Changes	65,567	350,994	(285,427)
Balance at June 30, 2021 (June 30, 2021 measurement date)	<u>\$357,289</u>	<u>\$350,994</u>	<u>\$6,295</u>

The benefit payments and refunds include implied subsidy benefit payments in the amount of \$6,473.

Sensitivity of the Net Pension Liability/(Asset) to Changes in the Discount Rate

The following presents the net Pension asset of the Authority for both Retirement Plan and Replacement Benefits Plan, respectively, as well as what the Authority's net Pension liability/(asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (5.00%) or 1-percentage-point higher (7.00%) than the current discount rate:

	Retirement Plan's Net Pension Liability/(Asset)		
	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Net Pension Liability (Asset)	<u>\$241,146</u>	<u>(\$98,224)</u>	<u>(\$367,462)</u>

	Replacement Benefit Plan's Net Pension Liability/(Asset)		
	Discount Rate -1% (5.00%)	Current Discount Rate (6.00%)	Discount Rate +1% (7.00%)
Net Pension Liability (Asset)	<u>\$67,050</u>	<u>\$6,295</u>	<u>(\$42,469)</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pension

For the year ended June 30, 2021, the Authority recognized Pension expense of \$284,290 related to the Retirement Plan. At June 30, 2021, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date		
Difference between expected and actual experience		
Changes in assumptions		
Net difference between projected and actual earnings on plan investments		\$75,990
Total	<u>\$0</u>	<u>\$75,990</u>

For the year ended June 30, 2021, the Authority recognized Pension expense of \$57,469 related to the Replacement Benefit Plan. At June 30, 2021, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Employer contributions made subsequent to the measurement date		
Difference between expected and actual experience		
Changes in assumptions		
Net difference between projected and actual earnings on plan investments		\$15,626
Total	<u>\$0</u>	<u>\$15,626</u>

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 9 – PENSION PLAN (Continued)

Other amounts reported as deferred outflows of resources and deferred inflows of resources related to Pension will be recognized as part of Pension expense as follows:

Retirement Plan	
Measurement Period	Annual
Ended June 30	Amortization
2022	(\$18,997)
2023	(\$18,997)
2024	(\$18,997)
2025	(\$18,999)
2026	-
Thereafter	-
Total	(\$75,990)

Replacement Benefit Plan	
Measurement Period	Annual
Ended June 30	Amortization
2022	(\$3,906)
2023	(3,906)
2024	(3,906)
2025	(3,908)
2026	-
Thereafter	-
Total	(\$15,626)

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 PERS Care single premium for single coverage only.

For the year ended June 30, 2021, the Authority's contributions to the Plan were \$180,327.

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2021:

Active plan members	14
Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	5
Total	<u>23</u>

B. Net OPEB Asset

Actuarial Methods and Assumptions – The Authority’s net OPEB asset was measured as of June 30, 2021 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, 2021
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-2020
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

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:

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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:

	Total OPEB Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net OPEB Liability/(Asset) (c) = (a) - (b)
Balance at June 30, 2020 (June 30, 2019 measurement date)	\$541,239	\$987,629	(\$446,390)
Changes Recognized for the Measurement Period:			
Service cost	222,993		222,993
Interest	96,368		96,368
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions	(5,747)		(5,747)
Contributions from the employer		180,327	(180,327)
Net investment income		336,991	(336,991)
Benefit payments and refunds	(21,366)	(21,366)	-
Administrative expenses		(1,220)	1,220
Net Changes	292,248	494,732	(202,484)
Balance at June 30, 2021 (June 30, 2021 measurement date)	\$833,487	\$1,482,361	(\$648,874)

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

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	(\$505,860)	(\$648,874)	(\$752,169)

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% (\$790,611)	Current Healthcare Cost Trend Rates (\$648,874)	Increase +1% (\$448,910)
Net OPEB Liability	(\$790,611)	(\$648,874)	(\$448,910)

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

For the year ended June 30, 2021, the Authority recognized OPEB expense of \$131,263. At June 30, 2021, 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		
Difference between expected and actual experience		\$53,103
Changes in assumptions	\$22,400	5,122
Net difference between projected and actual earnings on plan investments		163,036
Total	\$22,400	\$221,261

**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
NOTES TO BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2021**

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

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	(\$50,361)
2022	(45,362)
2023	(43,938)
2024	(44,483)
2025	(5,277)
Thereafter	(9,440)
Total	(\$198,861)

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, 2021, the Authority had made commitments for the following projects:

Purchase New Commuter Class High-Speed Vessel	\$11,242,093
Purchase Replacement Vessel - MV Bay Breeze & MV Vallejo	26,959,770
Vessel Engine Overhaul - MV Argo & MV Carina	64,135
Vallejo Ferry Terminal Dredging	128,249
Total	\$38,394,247

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REQUIRED SUPPLEMENTARY INFORMATION

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021**

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2021
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	6/30/2020
Plan's Proportion of the Net Pension Liability/(Asset)	0.010204%	0.016026%	0.011107%	0.007533%	-0.002877%	0.002546%	0.006478%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	\$748,940	\$439,655	\$385,835	\$296,963	(\$108,435)	\$101,947	\$273,245
Plan's Covered Payroll	\$1,217,627	\$1,363,751	\$1,453,752	\$1,597,597	\$1,744,351	\$1,890,469	\$2,184,929
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%	-6.22%	5.39%	12.51%
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%	81.14%

* 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, 2021**

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2021
Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended :	6/30/2015	6/30/2016	6/30/2017	6/30/2018
Actuarially determined contribution	\$222,396	\$434,477	\$391,333	\$516,162
Contributions in relation to the actuarially determined contributions	(222,396)	(434,477)	(391,333)	(516,162)
Contribution deficiency (excess)	\$0	\$0	\$0	\$0
Covered payroll	\$1,363,751	\$1,453,752	\$1,597,597	\$1,744,351
Contributions as a percentage of covered payroll	16.31%	29.89%	24.50%	29.59%

Notes to Schedule

Valuation date:

Methods and assumptions used to determine contribution rates:

	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Actuarial cost method	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
Remaining amortization period	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
Inflation	2.75%	2.75%	2.75%	2.75%
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
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
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
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 A.A.

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 A.A.

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.

* 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, 2021

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,

a Cost-Sharing Multiple-Employer Defined Pension Plan

As of fiscal year ending June 30, 2021

Last 10 Years *

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2019	6/30/2020	6/30/2021
Actuarially determined contribution	\$202,432	\$245,274	\$254,421
Contributions in relation to the actuarially determined contributions	(202,432)	(245,274)	(254,421)
Contribution deficiency (excess)	\$0	\$0	\$0
Covered payroll	\$1,890,469	\$2,184,929	\$2,113,621
Contributions as a percentage of covered payroll	10.71%	11.23%	12.04%

Notes to Schedule

Valuation date:

6/30/2019

Methods and assumptions used to determine contribution rates:

	6/30/2017	6/30/2018	6/30/2019
Actuarial cost method	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.50%	2.50%	2.50%
Salary increases	Varies by Entry Age and Service	Varies by Entry Age and Service	Varies by Entry Age and Service
Investment rate of return	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
Mortality	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..	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
For the Year Ended June 30, 2021

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2021

Last Ten Fiscal Years *

Retirement Plan
Single Employer Plan

Measurement Date	June 30, 2021
Total Pension liability	
Service cost	\$193,544
Interest	181,668
Benefit changes	-
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments	(15,107)
Changes of benefit terms	-
Net change in total Pension liability	360,105
Total Pension liability - beginning	1,329,409
Total Pension liability - ending (a)	1,689,514
Pension fiduciary net position	
Contributions - employer	\$1,635,933
Contributions - employee	-
Net investment income	173,135
Benefit payments	(15,107)
Administrative expense	(6,223)
Other changes	-
Net change in plan fiduciary net position	1,787,738
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	1,787,738
Plan net Pension liability (asset) - ending (a) - (b)	(98,224)
Plan fiduciary net position as a percentage of the total Pension liability	105.81%
Covered payroll	\$1,209,976
Plan net Pension liability as a percentage of covered payroll	-8.10%

*Fiscal year 2021 was the 1st year of implementation.

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

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)

SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2021

Last Ten Fiscal Years *
Retirement - Single Employer Plan

	<u>2020-2021</u>
Actuarially determined contribution	\$124,700
Contributions in relation to the actuarially determined contribution	<u>1,635,933</u>
Contribution deficiency (excess)	<u><u>(\$1,511,233)</u></u>
Covered payroll	\$1,209,976
Contributions as a percentage of covered payroll	135.20%

*Fiscal year 2021 was the 1st year of implementation.

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2019
Actuarial Cost Method	Entry Age Normal
Amortization Method	Level percentage of pay
Discount Rate	6.00%
General Inflation	2.75%
Mortality, Retirement, Termination & Disability	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2019

*Fiscal year 2021 was the 1st year of implementation.

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

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY REQUIRED SUPPLEMENTARY INFORMATION (Unaudited) SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS For the Year Ended June 30, 2021	
Last Ten Fiscal Years * Replacement Benefits Plan Single Employer Plan	
Measurement period	June 30, 2021
Total Pension liability	
Service cost	\$33,022
Interest	39,018
Benefit changes	-
Differences between expected and actual experience	-
Assumption changes	-
Benefit payments	(6,473)
Changes of benefit terms	-
Net change in total Pension liability	65,567
Total Pension liability - beginning	291,722
Total Pension liability - ending (a)	357,289
Pension fiduciary net position	
Contributions - employer	\$327,270
Contributions - employee	-
Net investment income	36,420
Benefit payments	(6,473)
Administrative expense	(6,223)
Other changes	-
Net change in plan fiduciary net position	350,994
Plan fiduciary net position - beginning	-
Plan fiduciary net position - ending (b)	350,994
Plan net Pension liability (asset) - ending (a) - (b)	6,295
Plan fiduciary net position as a percentage of the total Pension liability	98.24%
Covered payroll	\$162,225
Plan net Pension liability as a percentage of covered payroll	3.90%

*Fiscal year 2021 was the 1st year of implementation.

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

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

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, 2021

Last Ten Fiscal Years *

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

Measurement period	June 30, 2017	June 30, 2018	June 30, 2019	June 30, 2020
Total OPEB liability				
Service cost	\$67,000	\$69,097	\$71,170	\$222,993
Interest	44,000	49,653		96,368
Benefit changes			(318,925)	
Differences between expected and actual experience			(69,195)	
Assumption changes			29,188	(5,747)
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)
Changes of benefit terms			57,170	
Net change in total OPEB liability	101,000	107,750	(238,511)	292,248
Total OPEB liability - beginning	571,000	672,000	779,750	541,239
Total OPEB liability - ending (a)	\$672,000	\$779,750	\$541,239	\$833,487
OPEB fiduciary net position				
Contributions - employer	\$194,000	\$88,000	\$91,319	\$180,327
Contributions - employee				
Net investment income	50,000	55,796	54,997	336,991
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)
Administrative expense		(1,335)	(229)	(1,220)
Other changes				
Net change in plan fiduciary net position	234,000	131,461	138,168	494,732
Plan fiduciary net position - beginning	484,000	718,000	849,461	987,629
Plan fiduciary net position - ending (b)	\$718,000	849,461	\$987,629	\$1,482,361
Plan net OPEB liability (asset) - ending (a) - (b)	(\$46,000)	(\$69,711)	(\$446,390)	(\$648,874)
Plan fiduciary net position as a percentage of the total OPEB liability	106.85%	108.94%	182.48%	177.85%
Covered payroll	\$1,598,000	\$1,746,000	\$1,890,469	\$2,185,976
Plan net OPEB liability as a percentage of covered payroll	N/A	N/A	N/A	N/A

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

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2021

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2021

Last Ten Fiscal Years *
Other Post-Employment Benefits (OPEB) - Agent Multiple Employer Plan

	2017-18	2018-19	2019-20	2020-2021
Actuarially determined contribution	\$74,000	\$83,354	\$69,147	\$85,500
Contributions in relation to the actuarially determined contribution	88,000	91,319	82,310	98,017
Contribution deficiency (excess)	(\$14,000)	(\$7,965)	(\$13,163)	(\$12,517)
Covered payroll	\$1,746,000	\$1,890,469	\$2,185,976	\$2,113,620
Contributions as a percentage of covered payroll	5.04%	4.83%	3.77%	4.64%

*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	June 30, 2019
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	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	Investment gains and losses spread over 5- year rolling period
Discount Rate	6.75%	6.75%	6.75%	6.75%
General Inflation	2.75%	2.75%	2.75%	2.75%
Aggregate Payroll Increases	3.00%	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	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	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2017	Scale MP-2017	Scale MP-2019	Scale MP-2019

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

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

**SINGLE AUDIT REPORT
FOR THE YEAR ENDED JUNE 30, 2021**

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

**SINGLE AUDIT REPORT
For The Year Ended June 30, 2021**

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

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For The Year Ended June 30, 2021**

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):

<u>CFDA#(s)</u>	<u>Name of Federal Program or Cluster</u>
20.507 and 20.525	Federal Transit Cluster

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 22, 2021 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, 2021

Federal Grantor/ Pass-Through Grantor/Program or Cluster Title	Federal CFDA Number	Pass- Through Identifying Number	Federal Expenditures
Federal Transit Cluster			
Federal Transit Formula Grants Direct Programs:			
FY18 Ferry Vessel Construction and Major Component Maintenance	20.507	CA-2018-098	\$923,047
WETA FFY20 5307-6 CARES Act Grant - Operating Assistance	20.507	CA-2020-089	9,429,617
FY20 Ferry Vessel Major Component Maintenance	20.507	CA-2020-229	8,260
WETA FFY20 5307-6 CARES Act Grant - Operating Assistance	20.507	CA-2020-246	4,951,831
Subtotal FTA - Federal Transit Formula Grants Direct Programs			<u>15,312,755</u>
State of Good Repair Grants Direct Programs:			
FY2016 Ferry Capital Rehabilitation and Replacement	20.525	CA-2017-023	76,682
FY2019 Section 5337 Capital Projects	20.525	CA-2019-064	2,344,288
FY2020 Ferry Vessel Major Component Maintenance	20.525	CA-2020-229	905,405
Subtotal FTA - State of Good Repairs Grants Direct Programs			<u>3,326,375</u>
Total Federal Transit Cluster			<u>18,639,130</u>
Total Department of Transportation and Expenditures of Federal Awards			<u>\$18,639,130</u>

See Accompanying Notes to Schedule of Expenditures of Federal Awards

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

**NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For The Year Ended June 30, 2021**

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

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**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, 2021, 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 22, 2021.

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) as a basis for designing audit procedures 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.

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 or other matters that are required to be reported under *Government Auditing Standards*.

We have also issued a separate Memorandum on Internal Control dated November 22, 2021, 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.

A handwritten signature in black ink that reads "Mazze & Associates". The signature is written in a cursive, flowing style.

Pleasant Hill, California
November 22, 2021

**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 Authority of Example's 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, 2021. 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, 2021.

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, 2021, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements. We issued our report thereon dated November 22, 2021, 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.



Pleasant Hill, California
November 22, 2021

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

**MEASURE B FUND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

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**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
Financial Statements
For the Year Ended June 30, 2021**

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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 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, 2021, 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.

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, 2021, 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 of the Authority as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted.

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 22, 2021 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.

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Pleasant Hill, California

November 22, 2021

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

BALANCE SHEET
JUNE 30, 2021

	<u>Mass Transit</u>
ASSETS	
Cash and Investments	\$2,569,978
Measure B Direct Local Distribution Program Receivable	252,238
Interest Receivable	<u>19</u>
Total Assets	<u><u>\$2,822,235</u></u>
LIABILITIES	
Accounts Payable	\$181,997
Accrued Liabilities	<u>982,721</u>
Total Liabilities	<u>1,164,718</u>
FUND BALANCE	
Restricted for Measure B Programs and Projects	<u>1,657,517</u>
Total Fund Balance	<u>1,657,517</u>
Total Liabilities and Fund Balance	<u><u>\$2,822,235</u></u>

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, 2021

	<u>Mass Transit</u>
REVENUES:	
Direct Local Distribution Funds Allocation	<u>\$1,238,469</u>
Total Revenues	<u>1,238,469</u>
EXPENDITURES:	
Construction:	
Terminal Rehabilitation - Alameda Main Street	21,269
Other - Bank Fees	<u>1,613</u>
Total Expenditures	<u>22,882</u>
NET CHANGE IN FUND BALANCE	1,215,587
FUND BALANCE:	
Beginning Fund Balance	<u>441,930</u>
Ending Fund Balance	<u><u>\$1,657,517</u></u>

See accompanying notes to financial statements.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021**

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.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021**

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 \$2,569,978 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:

Terminal Rehabilitation – Alameda Main Street

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, 2021 and the related notes to the financial statements, and have issued our report thereon dated November 22, 2021.

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, 2021.

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 22, 2021 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.



Pleasant Hill, California
November 22, 2021

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

**MEASURE BB FUND
FINANCIAL STATEMENTS**

FOR THE YEAR ENDED JUNE 30, 2021

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**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
Financial Statements
For the Year Ended June 30, 2021**

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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, 2021, 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.

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, 2021, 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 of the Authority as of June 30, 2021, the changes in its financial position, or where applicable, its cash flows for the year then ended in accordance with accounting principles generally accepted.

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 22, 2021 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 22, 2021

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

BALANCE SHEET
JUNE 30, 2021

	<u>Mass Transit</u>
ASSETS	
Cash and Investments	\$1,903,764
Measure BB Direct Distribution Program Receivable	164,913
Measure BB Direct Distribution Program Interest Receivable	<u>14</u>
Total Assets	<u><u>\$2,068,691</u></u>
LIABILITIES	
Accounts Payable	<u>\$75,204</u>
Total Liabilities	<u>75,204</u>
FUND BALANCE	
Restricted for Measure BB Programs and Projects	<u>1,993,487</u>
Total Fund Balance	<u>1,993,487</u>
Total Liabilities and Fund Balance	<u><u>\$2,068,691</u></u>

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, 2021

	<u>Mass Transit</u>
REVENUES:	
Direct Local Distribution Funds Allocation	<u>\$811,210</u>
Total Revenues	<u>811,210</u>
EXPENDITURES:	
Construction:	
Replacement Vessel - M/V Bay Breeze	586,784
Engines Conversion - Gemini Class Vessels	61,869
Other - Bank Fees	<u>935</u>
Total Expenditures	<u>649,588</u>
NET CHANGE IN FUND BALANCE	<u>161,622</u>
FUND BALANCE:	
Beginning Fund Balance	<u>1,831,865</u>
Ending Fund Balance	<u><u>\$1,993,487</u></u>

See accompanying notes to financial statements.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021**

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.

**SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
NOTES TO THE FINANCIAL STATEMENTS
For The Year Ended June 30, 2021**

3. CASH AND INVESTMENTS

Cash and investments consisted of \$1,903,764 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
Engines Conversion – Gemini Class Vessels

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, 2021 and the related notes to the financial statements, and have issued our report thereon dated November 22, 2021.

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, 2021.

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 22, 2021 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.



Pleasant Hill, California
November 22, 2021

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2021-33

**RECEIVE THE INDEPENDENT AUDITOR'S REPORTS
FOR THE YEAR ENDING JUNE 30, 2021 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 Auditor's Reports for the fiscal year ending June 30, 2021, 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 9, 2021 Board of Directors meeting; now, therefore, be it

RESOLVED, that the Board of Directors hereby takes action to receive the Independent Auditor's Reports for the fiscal year ending June 30, 2021 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 9, 2021.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2021-33

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Lauren Gularte, Government & Regulatory Affairs Manager
Terence Candell, Government & Regulatory Affairs Specialist

SUBJECT: Approve the WETA 2022 Legislative Program

Recommendation

Approve the 2022 Legislative Program.

Discussion

Staff has worked with our state and federal legislative representatives, Nossaman LLP (Nossaman) and FBB Federal Relations/Lindsay Hart, LLP (FBB Federal Relations), respectively, to develop a state, regional and federal legislative program for 2022, provided as **Attachment A**. The program establishes the principles that will guide WETA's legislative and regulatory advocacy efforts during the calendar year. It is intended to be broad enough to cover the wide variety of issues that are likely to be considered during that time and flexible enough to allow WETA to respond swiftly and effectively to unanticipated developments. Adoption of the program will provide our state and federal delegation and regional partners with a clear statement of WETA's priorities and will provide a guide for staff and our legislative representatives in carrying out our legislative efforts.

The legislative program is structured to guide WETA's actions in support of the following general principles:

1. Build awareness about WETA programs and services among key regional, state and federal decision makers;
2. Preserve and enhance funding opportunities to maintain and expand WETA programs and services;
3. Seek regulatory reform that streamlines project delivery and maximizes WETA's ability to meet ferry service demands; and
4. Support WETA projects including:
 - WETA 2050 Service Vision & Business Plan
 - Transition to zero emissions fleet
 - Mission Bay Terminal
 - Treasure Island Service Expansion
 - Berkeley Service Expansion
 - Redwood City Service Expansion

Issues covered by the 2022 Legislative Program fit within two primary categories: 1) funding opportunities and 2) legislative, regulatory and administrative issues. These categories include a detailed list of legislative initiatives and a corresponding set of advocacy strategies that WETA will implement. To support the programs, WETA staff and legislative consultants will employ a variety of engagement strategies including direct advocacy with policymakers and relevant agencies, coalition-based engagement and public communications to build awareness about specific issues.

WETA positions on issues not covered in the categories below will be guided by the four principles listed above. Should recommendations emerge that call for advocacy on issues outside of these principles, WETA staff will confer with the Board Chair to determine appropriate direction, which may include bringing recommendations to the full Board for consideration. WETA's legislative representatives will provide monthly updates to the board on the status of WETA positions, relevant issues, outreach activities, strategy, and results.

Fiscal Impact

There is no fiscal impact associated with approving the 2022 Legislative Program.

END

ATTACHMENT A

2022 Regional, State, and Federal Legislative Program San Francisco Bay Area Water Emergency Transportation Authority

Introduction

The 2022 Legislative Program establishes the principles that will guide the San Francisco Bay Area Water Emergency Transportation Authority's (WETA) legislative advocacy efforts through the 2022 calendar year. Legislative and regulatory actions have the potential to significantly benefit the WETA's programs and services but can also present challenges that threaten WETA's ability to meet ferry service demands.

The program is intended to be broad enough to cover the wide variety of issues that are likely to emerge and flexible enough to allow WETA to respond swiftly and effectively to unanticipated developments.

Principles

The 2022 Legislative Program is organized to guide WETA's actions and positions in support of four primary principles:

1. Build awareness about WETA programs and services among key regional, state and federal decision makers;
2. Preserve and enhance funding opportunities to maintain and expand WETA programs and services;
3. Seek regulatory reform that streamlines project delivery and maximizes WETA's ability to meet ferry service demands;
4. Support WETA projects including:
 - WETA 2050 Service Vision & Business Plan
 - Transition to zero emissions fleet
 - Mission Bay Terminal
 - Treasure Island Service Expansion
 - Berkeley Service Expansion
 - Redwood City Service Expansion

Advocacy Process

Issues covered by the 2022 Legislative Program fit within two primary categories: 1) funding opportunities and 2) legislative, regulatory and administrative issues. These categories include a detailed list of legislative initiatives and a corresponding set of advocacy strategies that WETA will implement.

WETA positions on issues not covered in the categories below will be guided by the four principles listed above. Should recommendations emerge that call for advocacy on issues outside of these principles, WETA staff will confer with the Board Chair to determine appropriate direction, which may include bringing recommendations to the full Board for consideration. WETA's legislative representatives will provide monthly updates to the board on the status of WETA positions, relevant issues, outreach activities, strategy, and results.

WETA staff and legislative consultants will employ a variety of engagement strategies to support the 2022 Legislative Program, including:

Direct Advocacy: WETA will engage state and federal policy makers directly; submit correspondence and provide public testimony that communicates and advances WETA's legislative priorities and positions.

Coalition Engagement: WETA will engage relevant stakeholders to build coalitions of support that amplify WETA's advocacy efforts and expand WETA's influence beyond the Bay Area. These efforts will include engagement of transit advocacy organizations, suppliers and shipyards, employers, labor organizations and other stakeholders that would benefit from advancement of WETA's 2022 Legislative Program.

Public Communications: WETA will build public awareness about the agency's advocacy priorities by actively seeking media attention and maximizing the use of social media to highlight the need for actions consistent with the 2022 Legislative Program.

Regional and State Legislative Program

Funding Opportunities

<i>Issue / Background</i>	<i>Strategy</i>
<p>FY 2023 State Budget</p> <p>Budget discussion will include negotiations about how to allocate a potential \$30-\$40 billion budget surplus. A deal to allocate a significant amount of funding to transportation projects in FY 2022 failed when no agreement was reached on the Governor's request for funding to support the state's high-speed rail project.</p>	<ul style="list-style-type: none"> • Advocate that the budget negotiations result in a \$10 billion General Fund commitment to transportation that provides at least \$5 billion for public transit, \$2 billion for active transportation, and \$1 billion for transportation-related climate adaptation. • Build coalition support for the allocation of funds to State programs that support WETA projects and plans in addition to direct allocations to WETA priority projects. • Seek transit funding equity by ensuring water transit is eligible for all programs available to other transit modes.
<p>Relief Funding – COVID19 Impacts & Enhancing Equity</p> <p>WETA, along with other public transit providers, lost significant ridership and fare revenues as a result of the COVID-19 pandemic and resulting shift to remote work. In July 2021, WETA implemented the Pandemic Recovery Program (PRP) guided by core principles focused on enhancing equity and access to ferry service and increasing service levels to expand access to transit dependent riders and incentivizing demand to support the region's economic recovery. The PRP expanded service and temporarily reduced fares.</p>	<ul style="list-style-type: none"> • Identify opportunities to advocate directly for funding that will support the preservation of WETA services during pandemic recovery. • Support efforts by the California Transit Association and other coalition stakeholders to secure state funding for transit systems that addresses ongoing ridership loss due to COVID-19 and the shift to remote work. • Work with transit coalitions to identify and advance opportunities for new operating funding to enhance equity and expand access to transit dependent riders.

<i>Issue / Background</i>	<i>Strategy</i>
<p>Regional Funding Measures</p> <p>In June 2018, 55% of Bay Area voters passed Regional Measure 3 (RM3), which increased toll revenues to support transit and traffic relief improvements. RM3 included an expenditure plan that would provide WETA with \$300 million in capital funds and \$35 million per year in operating subsidy. Allocation of RM3 funding is on hold while the California Supreme Court considers a legal challenge related to the measure's voter approval threshold. On January 1, 2019 the Bay Area Toll Authority 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 legal challenge is settled.</p> <p>MTC is collaborating with transit agencies and other stakeholders to evaluate the potential for a regional transportation funding measure in 2024.</p>	<ul style="list-style-type: none"> • Advocate for alternative funding to reduce or eliminate delays to RM3-dependent WETA projects. • Build a coalition that supports a development of a regional ballot measure that replaces RM3 investments if needed. • Support planning for additional regional funding opportunities that maximize investment in WETA programs and services
<p>SB 1 Gas Tax Funding</p> <p>In 2017, the State enacted SB 1, which authorized more than \$700m per year for public transit. This was the largest increase in dedicated transit funding in more than 40 years. In addition to augmenting the STA program, SB1 created new programs such as the State of Good Repair (SGR) program that have benefitted WETA. Complimentary to SB 1 is ACA 5 (passed by voters in June 2018), which protects new and existing sources of transit funding from future diversions by the Legislature.</p>	<ul style="list-style-type: none"> • Oppose the elimination or diversion of any State or regional funds that support WETA. • Identify and advocate for opportunities to secure investment from ongoing SB1 programs to support WETA's priorities.

<i>Issue / Background</i>	<i>Strategy</i>
<p>State Transit Assistance Funds</p> <p>State Transit Assistance (STA) funds are generated by a sales tax on fuel and diesel fuel. The amount of money available for transit agencies varies from year to year based on fluctuations in diesel prices. STA funds are appropriated by the State Controller's Office (SCO) and allocated to WETA through a grant agreement with MTC. The formula used by the SCO allocates 50% of the funds according to population and the remaining 50% is allocated according to operator revenues from the prior fiscal year. The 2021-2022 State Budget included relief measures to ensure that STA funds are not decreased during the pandemic due to lower reported operating revenues due to reduced ridership.</p>	<ul style="list-style-type: none"> • Work with MTC and regional transit partners to secure continued STA funding that WETA is eligible to receive and oppose efforts to change the distribution formula in a way that disadvantages WETA service and/or capital programs.
<p>Cap-and Trade Revenues – Greenhouse Gas Reduction Fund</p> <p>In 2012, the State began implementing the cap-and-trade market-based compliance system approved as a part of the California Global Warming Solutions Act of 2006 (AB 32). Since the program began selling allowances, the program has generated billions of dollars. In 2014, legislation was enacted creating a long-term funding plan for cap-and-trade which dedicates 60 percent of cap-and-trade revenues to transportation. The remaining 40 percent is subject to annual appropriation through the state budget process. In 2017, the legislature extended the program from 2020 to 2030. WETA is eligible for funding through the Low Carbon Transit Operations Program and the Transit and Intercity Rail Capital Program.</p>	<ul style="list-style-type: none"> • Work with the Administration to secure appropriation of cap-and-trade revenues to support WETA's capital needs, including the agencies efforts to transition to zero emission vessels. • Support legislation and regional action that makes WETA's emissions-reducing projects and services eligible for investment from relevant programs. • Work to direct additional revenues to programs that support WETA priorities, including efforts to secure funding from the remaining discretionary funds.
<p>Emergency Response Funding</p> <p>WETA's enabling legislation directs the agency to provide comprehensive water transportation and emergency coordination services for the Bay Area region. Despite this mandate, no operating funds have been received by WETA to support this requirement.</p>	<ul style="list-style-type: none"> • Work with partner organizations to advocate for funding that enhances WETA's ability to effectively carry out the responsibilities detailed in the agency's Emergency Response Plan. • Advocate for the inclusion of enhanced emergency response capability to be included as criteria in relevant discretionary grant opportunities.

<i>Issue / Background</i>	<i>Strategy</i>
<p>Other funding opportunities</p> <p>Transit agencies have increasingly partnered with private sector entities to create investment in infrastructure and enhanced or expanded services. WETA is poised to offer transit solutions that support new waterfront development, job growth, and congestion relief that local jurisdictions and private sector entities will benefit from.</p>	<ul style="list-style-type: none"> • Support policies that facilitate public private partnerships that advance the implementation of WETA capital projects and operation of enhanced services. • Advocate for policies and projects that benefit WETA priorities through the creation of transit-oriented development and first and last mile connections. • Support other innovative funding strategies and policies that will enhance investment opportunities and revenues that support WETA programs and services.

Legislative, Regulatory and Administrative Issues

Issue / Background	Strategy
<p>General</p> <p>Every year a variety of policies are pursued that would affect regulations governing transportation-related service operations, administration, planning and project delivery. In addition, opportunities exist to reform or update existing regulations that are outdated or can be improved to address potential burdens on transportation agencies without affecting regulatory goals.</p>	<ul style="list-style-type: none"> • Support opportunities to remove barriers to, and improve the ability to conduct, safe, efficient transportation operations, administration, planning and project delivery, including alternative project delivery methods that provide flexibility to the agency. • Oppose efforts to impose unjustified and burdensome regulations or restrictions on WETA's ability to conduct efficient transportation operations, administration, planning and project delivery efforts. • Support efforts to advocate against Dept. of Labor 13c related FTA funding delays.
<p>California Air Resources Board's (CARB) Proposed Amendments to the Commercial Harbor Craft (CHC) Regulations</p> <p>CARB is finalizing amendments to the Commercial Harbor Craft Regulations. The regulations set standards to reduce toxic and criteria emissions to protect public health. CARB expects the new regulations to be in place on January 1, 2023.</p>	<ul style="list-style-type: none"> • Continue to work with CARB to ensure amendments to CHC regulations are operationally feasible and in line with WETA's plan to comply with the CHC regulations by transitioning a portion of the fleet to zero emissions. • Work with CARB and the California Energy Commission to identify and expand funding opportunities to implement WETA's plan to comply with the CHC regulations.
<p>Streamlining Environmental Clearance & Permitting</p> <p>Senate Bill 288 amends the California Environmental Quality Act (CEQA), streamlining the environmental review process for: (i) specific transportation-related projects; (ii) projects improving customer information and wayfinding; (iii) city or county projects designed to minimize parking requirements; and (iv) similar transportation-oriented projects. Due to this designation, SB 288 exempts these projects from CEQA review as categorical exemptions beginning January 1, 2021.</p> <p>San Francisco Bay Conservation and Development Commission (BCDC): The complexity of the BCDC process creates time delays in the development of ferry projects. A standardized, streamlined process would minimize unnecessary delays.</p>	<ul style="list-style-type: none"> • Support efforts to revise SB 288 to include construction of ferry terminals and installation of zero emission charging infrastructure as projects exempted from CEQA. • Explore opportunities to expedite the BCDC process, without compromising the effectiveness of the review as an environmental protection policy.

<i>Issue / Background</i>	<i>Strategy</i>
<p>Bridge Toll Revenue Requirements</p> <p>WETA's use of certain bridge toll revenues is subject to meeting and maintaining a minimum level of farebox recovery. Pandemic impacts and challenges during recovery have compromised the ability for all agencies to maintain pre-pandemic farebox recovery ratios. Additionally, efforts to refocus services on equity and enhancing access for riders from all income levels have led many agencies to reconsider the value of farebox recovery as a metric for the successful delivery of services.</p>	<ul style="list-style-type: none"> • Advocate for relaxed farebox recovery requirements tied to the use of regional bridge toll revenues. • As bridge traffic returns to normal, advocate for the allocation of full funding to recipients operating full service levels. • Given the uncertain timeframe for the return of pre-pandemic ridership levels, advocate for the creation of new funding to support the increased subsidy needed to maintain service during recovery.
<p>Regional Transit Integration and Transformation Action Plan</p> <p>During the pandemic, MTC appointed a Blue Ribbon Task Force to facilitate transit survival and recovery, and to assess options for improving integration of the region's transit network. The Task Force recommended proceeding with near-term, already underway efforts to improve integration and evaluating longer-term options for more transformational change.</p>	<ul style="list-style-type: none"> • Advocate that new funding be identified to support implementation of longer-term transformational policy recommendations. • Support efforts to better integrate and connect regional transit services.

Federal Legislative Program

Funding Opportunities and Challenges

<i>Issue / Background</i>	<i>Strategy</i>
<p>Increase Funding for the Federal Highway Administration (FHWA) Construction of Ferry Boats and Ferry Terminal Facilities Formula Program (FBP)</p> <p>The FAST Act changed the original FBP formula, which emphasized car ferries over passenger ferries, to one that is more favorable to WETA and authorized \$80 million annually. The Infrastructure Investment and Jobs Act (IIJA) increased the program to \$182.4 million per year for five years, resulting in a \$675,00 increase for WETA annually.</p>	<ul style="list-style-type: none"> • Engage directly with Senate EPW and House T&I committees. • Coordinate outreach to EPW and T&I Committees by members of the California Congressional delegation. • Work with Public Ferry Coalition members, organized labor, and other WETA advocates, to encourage key Senators and House members to advocate for additional funding in future years.
<p>Federal Transit Administration (FTA) 5307(h) Passenger Ferry Grant Program</p> <p>The FTA 5307(h) program provides competitive funding for passenger ferry projects. The program is currently funded at \$30 million annually. An agreement was reached during IIJA negotiations that would have increased program funding to \$1.25 billion over five years, however, a late filibuster prevented a technical corrections amendment from being passed in the Senate.</p> <p>WETA has an application pending from this program that would fund the construction of two zero-emission vessels.</p>	<ul style="list-style-type: none"> • Advocate for the inclusion of the intended \$1.25 billion increase in subsequent legislation, including the appropriations process • Engage directly with Congressional leadership and key Congressional committees and coordinate outreach to key House and Senate committees and Congressional leadership Committees by members of the California Congressional delegation. • Work with Public Ferry Coalition members, organized labor, and other WETA advocates, to encourage key Senators and House members to advocate for additional funding. • Work with Congressional delegation to support WETA's existing application. • Work to identify possible projects and develop a coalition of support for WETA's FFY22 application.
<p>Support Transit Funding in Build Back Better Act</p> <p>The House version of the Build Back Better (BBB) Act, passed on November 19, 2021, contains \$9.75B for the "Affordable Housing Access Program," which is a competitive grant program to be administered by FTA in consultation with HUD and for which WETA is eligible. Changes to the BBB are expected in the Senate version, which is currently in process.</p>	<ul style="list-style-type: none"> • Engage directly with Senate Banking Committee. • Coordinate outreach to Banking Committee and Congressional leaders by California Senators. • Work with Public Ferry Coalition members, organized labor, and other WETA advocates, to encourage key Senators to advocate for preserving this funding in the Senate.

<i>Issue / Background</i>	<i>Strategy</i>
<p>Electric or Low-Emitting Ferry Program Opportunities</p> <p>The Infrastructure Investment and Jobs Act (IIJA) directs the U.S. Department of Transportation (DOT) to spend \$50 million per year FY22-FY26 (\$250 million total) to establish a pilot program to provide grants for the purchase of electric or low-emitting (methanol, natural gas, liquified petroleum gas, hydrogen, coal-derived liquid fuels, biofuels) ferries.</p>	<ul style="list-style-type: none"> • Work to identify possible projects for funding in FY22-26. • Build coalitions of support for WETA grant applications.
<p>Funding Opportunities Through Other Competitive Grant Programs</p> <p>The Infrastructure Investment and Jobs Act (IIJA) provides funding for various other transit grant programs for which WETA is eligible.</p>	<ul style="list-style-type: none"> • Identify possible projects for which to seek funding. • Develop coalitions of support for WETA grant applications.
<p>Funding for Emergency Response</p> <p>The Transit Security Grant Program is an annual competitive grant program through the Department of Homeland Security and the Federal Emergency Management Agency (FEMA) which funds transportation infrastructure security activities. WETA is an eligible recipient of this program.</p>	<ul style="list-style-type: none"> • Identify possible projects for which to seek FEMA grant program funding. • Develop coalitions of support for WETA grant applications.
<p>Avoiding Cuts to Transit Funding</p> <p>The "Rostenkowski" rule (Sec. 9503(e)(4) of the Internal Revenue Code of 1986) requires 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. Waivers were needed in previous appropriations bills in order to avert cuts to transit programs. Funding included in the Infrastructure Investment and Jobs Act (IIJA) has likely addressed this issue in the near term.</p>	<ul style="list-style-type: none"> • Support legislation, as needed, to waive the Rostenkowski rule.

Legislative, Regulatory, and Administrative Issues	
Issue / Background	Strategy
<p>General</p> <p>Monitor legislation or regulatory action that will affect WETA's ability to provide ferry service, implement its program of projects, administration or funding from federal agencies.</p> <p>Take advantage of opportunities to reform or update existing regulations or processes that are outdated or can be improved to address potential burdens on transportation agencies without affecting regulatory goals.</p>	<ul style="list-style-type: none"> • Support opportunities to remove barriers to, and improve the ability to conduct, safe, efficient transportation operations, administration, planning and project delivery. • Oppose efforts to impose unjustified and burdensome regulations or restrictions on the WETA's ability to conduct efficient transportation operations, administration, planning and project delivery efforts.
<p>Permitting</p> <p>Any WETA project on the water requires permits from numerous regulatory agencies. Several federal agencies review such permits sequentially and not concurrently, adding months and sometimes years to project timelines and associated cost for time spent managing the permit review process.</p>	<ul style="list-style-type: none"> • Analyze the time required to obtain permits from federal agencies on past WETA projects and determine the impact of delays on project completion. • Identify strategies to streamline the federal permitting review process. • Work with permitting agencies and the Congressional delegation to seek resolution of specific issues that are causing delay to important projects.
<p>U.S. Department of Labor Section 13(c) Determination</p> <p>On October 28, 2021, the U.S. Department of Labor (DOL) reversed an earlier determination and asserted that California's Public Employees' Pension Reform Act of 2013 (PEPRA), violates federal collective bargaining rights under Section 13(c) of the Urban Mass Transportation Act of 1964. Subsequently, DOL has withheld certification of Federal Transit Administration grants intended for California transit agencies. The State has filed a motion in U.S. District Court to stay implementation of DOL's determination.</p> <p>WETA has not been previously impacted by this issue due to the agency having no represented public employees.</p>	<ul style="list-style-type: none"> • Develop a coalition of support that includes peer agencies to advocate that DOL not apply their determination to agencies without represented public employees. • Support State and California Transit Association efforts to seek resolution that makes FTA funding available to California agencies.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2021-34

APPROVE STATE AND FEDERAL LEGISLATIVE PROGRAMS FOR 2022

WHEREAS, staff has worked with WETA's state and federal legislative representatives, Nossaman LLP and FBB Federal Relations/Lindsay Hart, LLP, respectively, to develop state, regional, and federal legislative programs for 2022; and

WHEREAS, these legislative programs were presented to the Board of Directors and establish the principles that will guide WETA's legislative and regulatory advocacy efforts during the calendar year; and

WHEREAS, adoption of these legislative programs will provide WETA's state and federal delegation and transportation partners with a clear statement of WETA's priorities and will provide a guide for WETA staff and consultants in carrying out WETA's legislative efforts; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves the state and federal legislative programs for 2022 included as attachments to the staff report that accompanies this resolution.

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 9, 2021.

YEA:

NAY:

ABSTAIN:

ABSENT:

/s/ Board Secretary

2021-34

END

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Kevin Connolly, Planning & Development Manager
Michael Gougherty, Principal Planner

SUBJECT: WETA 2040 Service Vision & Business Plan Update

Recommendation

There is no recommendation associated with this informational item.

Background/Discussion

The WETA 2050 Service Vision & Business Plan is being developed to define a long-term service vision based on input from agency stakeholders, the public, and other parties with an interest in the future of the agency. Ultimately, the Business Plan will put forth a comprehensive set of implementation strategies and policies for achieving a service vision that is vetted by stakeholders and presented to the Board for consideration.

Since the last update to the Board on the Business Plan in September, staff has engaged with its consultant facilitator, CivicMakers, to launch a stakeholder discovery process, whereby stakeholder interests were identified through interviews, an online questionnaire, and focus groups. The information obtained through this discovery process was used to develop the content and agenda for a stakeholder workshop that was held on October 27th and attended by approximately 50 individuals representing county, city, business, regulatory, transportation, environmental, and other advocate interests. Workshop participants engaged in a variety of visioning and prioritization exercises over the course of three hours relating to a potential WETA service vision. A summary of the workshop outcomes is included as **Attachment A**, a full report of the stakeholder discovery process and workshop has been posted on the WETA website.

The outcomes of the workshop, together with input from the Ad-hoc Board Advisory Committee and staff, serve as the basis for six focus areas that are proposed for the WETA 2050 Service Vision & Business Plan. The six focus areas include: Regional Ferry Network, Emergency Response, Environmental Stewardship, Community Connections, Organizational Capacity, and Financial Capacity. A description and specific stakeholder engagement strategy for each focus area, including outreach to current and future riders, will be summarized in a presentation to the Board accompanying this staff report.

The proposed focus areas and respective stakeholder engagement strategies will be refined based on feedback received from the Board and further developed to define a final scope for the WETA 2050 Service Vision & Business Plan. The final scope will include a schedule and budget for consultant services to support continued stakeholder facilitation and technical studies required for the Business Plan. Staff anticipates presenting these items to the Board for consideration in January 2022.

END

WETA 2050 Business Plan

Phase One Executive Summary

December 9, 2021

CivicMakers prepared this written report for the San Francisco Bay Area Water Emergency Transportation Authority's Board of Directors to provide an overview of the first phase of developing a 2050 Service Vision and Business Plan. The themes, topics and findings outlined in this report are not intended to represent a draft 2050 Service Vision or Business Plan, but rather, a list of focus areas to be researched and further explored during the next phase of planning. This report also includes additional details and raw data as part of the appendix.

The purpose of this report is to aggregate and present key themes, topics and findings from CivicMakers' initial stakeholder discovery phase, the first step in eventually defining a 2050 Service Vision and Business Plan for the San Francisco Bay Area Water Emergency Transportation Authority (WETA). The discovery phase gathered input from over 110 individual stakeholders and included the following engagement activities, each one informing the participants and design of the next:



The discovery phase culminated with an engaging and collaborative stakeholder workshop on Friday, October 22, 2021. During the workshop, participants took part in four breakout group exercises designed to move them from more general, aspirational visioning statements to a more targeted exploration of the resources, research and considerations needed to achieve each vision area.

Through this engagement, CivicMakers learned that there is a general consensus among stakeholders that the ferry system should play an important role in alleviating Bay Area bridge and roadway congestion and in reducing the number of motor vehicle miles traveled. Stakeholders indicated that, if WETA incentivizes BART or other regional transit riders to commute by ferry instead, but ultimately fails to reduce the overall number of motor vehicle

commuters, or increases ferry pollution through more diesel-powered service, then that is not an acceptable outcome.

If alleviating Bay Area bridge and roadway traffic congestion is the main goal of WETA's 2050 Service Vision, then stakeholder input shows us that understanding and managing the interrelationships between many of the focus areas and strategies is what will get us there. For instance, a new ferry terminal and increased route frequency can help reduce travel times and ultimately be the catalyst for thousands of motor vehicle drivers switching to a ferry commute, thereby reducing traffic congestion and helping the environment. At the same time, an all-electric ferry fleet may be cited as a milestone for incentivizing a community to come out and support the development of a new ferry terminal. These cause-and-effect relations are seen throughout this initial discovery phase, and should be a major topic of discussion as WETA and its partners plan to operationalize and sequence actions to achieve their vision.

It is also worth noting that workshop participants shared the most excitement about the potential of new ferry terminals around the Bay, from locations as far north as Martinez to as far south as Alviso in San Jose. To ensure these new locations successfully attract a large swath of the commuting population, including low-income workers and families, participants imagined the need for shorter commute times, increased route frequency, an all-electric fleet, service amenities, and seamless and varied first and last-mile transit connections, including by train, bus, bike and e-scooter. There is a general belief among stakeholders that the San Francisco Bay Ferry system of the future will have to be dynamic and nimble enough to accommodate many different kinds of ferry service and transit connections.

Participants also expressed interest in a future where the San Francisco Bay Ferry system helps drive a well-planned and well-coordinated response to future emergency situations, environmental stewardship, Bay Area economic and employment growth, public-private partnerships, and compact, walkable, pedestrian-oriented, mixed-use communities centered around ferry terminals (i.e., transit-oriented development).

In keeping with their desire to convert car commuters to ferry commuters, workshop participants prioritized *New Rider Access* and *Enhanced Ferry Service* as their top two areas of focus. Among strategies, *Multimodal, User-Friendly Transit/Bike/Walk Connections to/from the Ferry* and *Increased Ferry Service Frequency* were the top two priorities. *New Ferry Terminals*, *Electrification of the Ferry Fleet*, and *More Accessibility and Affordability for Low-Income Riders* also rank as high-priority strategies for the years ahead.

The questions and tradeoffs raised by workshop participants are the starting point for a robust planning and learning process that will take WETA and its partners through the end of 2022. To answer those questions, WETA will need to rely on existing resources, such as relevant legislation, policy, regional transportation plans, and studies, as well as create new resources, such as rider and community participation surveys, and technical and policy advisory group input. As WETA begins to answer the questions posed by key stakeholders, including its own Board and staff, new questions will emerge, and eventually WETA will have the information, resources and confidence to define its 2050 Service Vision and Business Plan.