WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

Members of the Board

James Wunderman, Chair
Monique Moyer, Vice Chair
Jessica Alba
Jeffrey DelBono
Pippin Dew

SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
BOARD OF DIRECTORS MEETING
Thursday, December 7, 2023 at 1:00 p.m.

Port of San Francisco
Pier 1
San Francisco, CA
and
Videoconference
Join WETA BOD Zoom Meeting
https://us02web.zoom.us/j/89718217408
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AGENDA

1. CALL TO ORDER

2. ROLL CALL/PLEDGE OF ALLEGIANCE

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

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

5. REPORTS OF STAFF — ***Information***
   a. Executive Director's Report on Agency Projects, Activities and Services
      i. FTA Grant Award
      ii. International Electric Ferry Innovations
      iii. Main Street Terminal Rehab Project Update
   b. Monthly Review of Financial Statements
   c. Federal Legislative Update
   d. State Legislative Update
   e. Monthly Operations, Ridership, and Recovery Report

6. CONSENT CALENDAR — ***Action***
   a. Approve Board Meeting Minutes – November 2, 2023
   b. Approve Board of Directors Meeting Schedule for Calendar Year 2024
   c. Authorize Release of an Invitation for Bids for the North Bay Operations Office Renovation
   d. Approve Sole Source Contract Award to HamiltonJet Inc. for a Spare Series 810 Waterjet

7. RECEIVE THE INDEPENDENT AUDITOR'S REPORTS FOR THE FISCAL YEAR ENDING JUNE 30, 2023 — ***Action***

8. VESSEL NAMING POLICY — ***Action***

9. REVIEW AND PROVIDE INPUT ON WETA'S DRAFT 2024 LEGISLATIVE PROGRAM — ***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.

PUBLIC COMMENTS WETA welcomes comments from the public.

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

WETA WATER EMERGENCY TRANSPORTATION AUTHORITY

Memorandum

TO: WETA Board Members

FROM: Seamus Murphy, Executive Director

DATE: December 7, 2023

RE: Executive Director's Report

Award of FTA Competitive Passenger Ferry Grant Program
On November 30, the FTA announced that WETA has been awarded $16 million due to a successful application submitted in July for electrification funding for two floats in Downtown San Francisco and two floats in Alameda. The award will fund a major advancement in WETA's efforts to provide zero emission ferry service in the Bay Area. The $16 million in federal funding plus $2 million in WETA matching funds would modify a set of WETA's existing ferry floats and install batteries of up to 2,000 kWh at each float to supplement the electric power grid. WETA's existing floats will be modified to increase useable storage volume by installing Battery Energy Storage Systems (BESS) to reduce and smooth peak grid demand in Downtown San Francisco and two terminals in the City of Alameda (Seaplane Lagoon and Main Street).

Grant Submissions
On November 20, staff submitted an application to the California Energy Commission to fund electrification of the float at Harbor Bay. The project will construct a fully-functional electrified float and battery, designed to hold 2,500 kWh of storage. The total project cost for construction of a new float and battery is $11,521,550. WETA is requesting $5,000,000 (43% of total cost) from the CEC Medium- and Heavy-Duty Zero-Emission Vehicle Infrastructure Blueprint program. The remaining $6,521,550 (57% of total cost) will come from Regional Measure 3 (RM3) funds.

Staff also submitted an application to the Federal Highway Administration for Ferryboat capital funding available to WETA that must be secured and transferred to the FTA management system for use on eligible projects. This application requested $6,284,908 to be utilized for the Vallejo Reconfiguration project. The project is currently projected to require $16 million in total funding which will ultimately be provided through other federal programs WETA has access to and matching bridge toll funding. Congressmember John Garamendi successfully directed a $4 million congressional spending request for the project. The request will be successful upon approval of a FY 24 Appropriations package.

Disadvantaged Business Enterprise Program 360 Review
WETA initiated a 360 review of its Disadvantaged Business Enterprise (DBE) program on October 30. WETA is working with Colette Holt & Associates to conduct the review over the next 3-4 months and will work with staff to perform an in-depth analysis of our DBE program and associated procurement practices. The review will address all internal and external factors that impact DBE participation in WETA contracts and will provide insight for developing strategies the agency can employ to address those issues and potentially increase DBE participation. Colette Holt is one of the foremost experts in working with DBE programs and has over 30 years of experience conducting DBE program reviews for transit agencies across the country. At the conclusion of the review, Colette Holt will present the findings to the WETA board.

Main Street Terminal Rehab Project Update
The Main Street Terminal is undergoing renovation and replacement of key waterside components was closed on October 23. Construction will take up to ten weeks and the terminal is scheduled to be reopened in January 2024. Passengers normally using the terminal for service to San Francisco have

been utilizing Seaplane Lagoon, where weekend service has been added. Passengers that normally use the terminal for service to South San Francisco have been utilizing the Oakland Terminal instead. Indications show that these alternatives are being utilized as expected. To make the connection to the Oakland terminal as seamless as possible, WETA partnered with Uber to offer free shared rides from Alameda to the terminal. Staff will provide a status update on the project and impacts on ridership.

International Electric Ferry Innovations
This Fall, WETA staff travelled to Norway and Auckland, New Zealand to learn from agencies and operators that are moving forward with electric vessel, infrastructure, and charging technologies that are similar those needed to implement WETA's REEF Program. Staff will present lessons learned from these visits and discuss how they will be applied to the San Francisco Bay Ferry system.

Community Events
On December 2, WETA is hosting a public San Francisco Bay Ferry ride in the Estuary Lighted Yacht Parade, organized by Alameda yacht clubs and benefitting the Alameda County Community Food Bank and the Oakland Firefighters' Random Acts program. To help manage high demand, WETA sold reservation-based tickets for the ride beginning November 15. Tickets sold out in less than 36 hours. Passengers who bring unwrapped, new toys for the Oakland Firefighters' holiday drive will be given a ticket for a future ferry ride. WETA and Blue & Gold staff are decorating a vessel for the event. Interior decorations will be kept up through December for additional activations.

END

San Francisco Bay Area Water Emergency Transportation Authority
FY 2022-23 Operating & Administration Revenue and Expense
Through the Month Ending 10/31/23

% of Year Elapsed 33%

	Oct-23 Actual	Year - To - Date FY2022-23 Actual	Year - To - Date FY2023-24 Actual	Total FY2023-24 Budget	Total Budget
OPERATING EXPENSE					
FERRY OPERATIONS:					
Harbor Bay Ferry Service (AHBF)					
Vessel Crew Labor	$160,091	$521,261	554,021	$1,825,501	*30%*
Vessel Fuel	105,521	$448,610	360,333	1,087,800	*33%*
Vessel Operations & Maintenance	42,172	$130,540	129,719	830,241	*16%*
Facility Operations & Maintenance	76,403	$217,559	246,649	798,286	*31%*
System Expense	72,099	$243,441	253,613	1,008,100	*25%*
Total Harbor Bay	**$456,285**	**$1,561,410**	**$1,544,335**	**$5,549,929**	***28%***
Farebox Recovery - AHBF	***21%***	***16%***	***22%***	***15%***	
Alameda/Oakland Ferry Service (AOFS)					
Vessel Crew Labor	$368,208	$1,429,616	$1,414,216	$4,381,204	*32%*
Vessel Fuel	286,414	$1,129,352	1,091,061	2,952,600	*37%*
Vessel Operations & Maintenance	71,542	$360,911	222,498	1,169,544	*19%*
Facility Operations & Maintenance	200,373	$607,568	637,029	2,056,349	*31%*
System Expense	190,607	$703,807	705,125	2,545,914	*28%*
Total Alameda/Oakland	**$1,117,144**	**$4,231,255**	**$4,069,929**	**$13,105,611**	***31%***
Farebox Recovery - AOFS	***24%***	***26%***	***32%***	***26%***	
Vallejo Ferry Service (Vallejo)					
Vessel Crew Labor	$448,254	$1,635,204	$1,621,314	$4,928,854	*33%*
Vessel Fuel	678,349	$2,589,158	2,467,687	$7,148,400	*35%*
Vessel Operations & Maintenance	141,098	$416,839	419,757	$1,290,015	*33%*
Facility Operations & Maintenance	350,255	$1,200,389	1,195,249	4,687,016	*26%*
System Expense	230,275	$778,165	829,967	3,141,546	*26%*
Total Vallejo	**$1,848,230**	**$6,619,755**	**$6,533,974**	**$21,195,831**	***31%***
Farebox Recovery - Vallejo	***24%***	***29%***	***31%***	***28%***	
South San Francisco Ferry Service (SSF)					
Vessel Crew Labor	$144,082	$383,947	$512,224	$1,642,951	*31%*
Vessel Fuel	105,521	$304,504	335,362	777,000	*43%*
Vessel Operations & Maintenance	63,638	$111,190	149,817	929,482	*16%*
Facility Operations & Maintenance	70,631	$222,600	240,989	761,156	*32%*
System Expense	44,315	$140,034	160,924	860,610	*19%*
Total South San Francisco	**$428,186**	**$1,162,275**	**$1,399,316**	**$4,971,200**	***28%***
Farebox Recovery - SSF	***7%***	***7%***	***8%***	***6%***	
Richmond Ferry Service (Richmond)					
Vessel Crew Labor	$288,163	$1,143,800	$1,050,483	$3,285,903	*32%*
Vessel Fuel	195,967	$796,990	750,544	2,175,600	*34%*
Vessel Operations & Maintenance	63,968	$167,477	183,952	1,136,367	*16%*
Facility Operations & Maintenance	155,695	$433,297	524,233	1,720,952	*30%*
System Expense	102,677	$324,177	375,549	1,898,232	*20%*
Total Richmond	**$806,470**	**$2,865,741**	**$2,884,762**	**$10,217,053**	***28%***
Farebox Recovery - Richmond	***14%***	***11%***	***13%***	***10%***	

(continued on next page)

San Francisco Bay Area Water Emergency Transportation Authority
FY 2022-23 Operating & Administration Revenue and Expense
Through the Month Ending 10/31/23

% of Year Elapsed *33%*

	Oct-23 Actual	Year - To - Date FY2022-23 Actual	Year - To - Date FY2023-24 Actual	Total FY2023-24 Budget	Total Budget
OPERATING EXPENSE (continued)					
Seaplane Lagoon Ferry Service (SPL)					
Vessel Crew Labor	$192,109	$624,046	$683,758	$2,190,602	*31%*
Vessel Fuel	135,670	$521,072	500,385	1,398,600	*36%*
Vessel Operations & Maintenance	41,742	$183,199	122,606	745,262	*16%*
Facility Operations & Maintenance	101,094	$213,444	326,611	1,018,718	*32%*
System Expense	94,300	$281,935	325,500	1,351,283	*24%*
Total Seaplane Lagoon	**$564,915**	**$1,823,696**	**$1,958,860**	**$6,704,465**	***29%***
Farebox Recovery - SPL	***25%***	***19%***	***25%***	***18%***	
Sub-Total Ferry Operations (Ongoing Service)	**$5,221,232**	**$18,264,132**	**$18,391,176**	**$61,744,087**	***30%***
Farebox Recovery	***21%***	***22%***	***25%***	***21%***	
Hydrogen Demostration Project (Sea Change)	$14,239.25	-	$ 72,445	**$1,737,741**	*4%*
Oakland Estuary Demonstration Project		***N/A***	-	**$1,000,000**	*0%*
Subtotal Ferry Operations (All)	**$5,235,471**	**$18,264,132**	**$18,463,621**	**$64,481,828**	***29%***
PLANNING & ADMINISTRATION:					
Wages and Fringe Benefits	$167,852	$678,189	$658,824	$2,437,349	*27%*
Professional & Other Services	138,328	602,768	385,398	2,046,600	*19%*
Information Tech., Office, Supplies	2,028	20,984	7,219	148,800	*5%*
Utilities/Communications	2,094	5,041	5,626	31,700	*18%*
Insurance	1,929	8,879	9,247	25,508	*36%*
Dues, Memberships, Misc.	5,026	20,495	37,201	123,440	*30%*
Leases and Rentals	19,921	81,332	82,874	267,040	*31%*
Admin Overhead Expense Transfer	(83,484)	(343,058)	(299,442)	(1,135,242)	*26%*
Sub-Total Planning & Gen Admin	**$253,693**	**$1,074,630**	**$886,946**	**$3,945,194**	***22%***
Total Operating Expense	**$5,489,164**	**$19,338,762**	**$19,350,566**	**$68,427,022**	***28%***
OPERATING REVENUE					
Fare Revenue	$1,092,156	$4,049,290	$4,656,729	$12,757,159	*37%*
Federal Operating Assistance	2,767,267	9,163,950	9,402,825	20,214,365	*47%*
Regional - Bridge Toll	1,300,400	4,847,524	3,953,988	25,759,450	*15%*
State Operating Assistance		***N/A***	-	3,238,254	*0%*
Regional - Contra Costa Measure J	313,477	1,234,399	1,253,904	3,761,720	*33%*
Other Revenue	15,864	$43,599	83,120	2,696,074	*3%*
Total Operating Revenue	**$5,489,164**	**$19,338,762**	**$19,350,566**	**$68,427,022**	***28%***

San Francisco Bay Area Water Emergency Transportation Authority
FY 2023/24 Capital Revenue and Expense
Through the Month Ending 10/31/23

Project Description	Oct-23 Total	Total Project Budget	Prior Year Expense	Total FY2023/24 Budget	Year-To-Date FY2023/24 Actual	Total Future Year	% of Total Project Budget
CAPITAL EXPENSES:							
FACILITIES:							
Electrification							
Zero Emission Float Electrification		$ 15,055,880	$ 276,292	$ 13,007,000	$ 923,481	$ 1,772,588	8%
Shoreside Electrical Initiative (Planning Phase)		2,541,685		2,417,000	-	124,685	0%
Terminal Improvement					-		
Terminal Rehabilitation - Alameda Main Street	539,228	9,760,000	1,779,132	5,077,002	1,431,570	2,903,866	33%
Passenger Float Rehabiliation - South San Francisco		908,500	601,192	190,250	-	117,058	66%
Terminal Dredging - Vallejo	1,611,160	2,842,000	-	2,842,000	1,719,865	-	61%
Terminal Reconfiguration - Vallejo	3,377	16,696,000	62,059	440,117	76,277	16,193,824	1%
Central Bay Terminal Expansion		1,849,000	937	550,000	-	1,298,063	0%
Passenger Float Rehabiliation - Pier 9		1,362,000	-	1,362,000	-	-	0%
Mission Bay Ferry Landing Project		6,000,000	-	6,000,000	-	-	0%
Berkeley Pier/Ferry Project		3,000,000	-	3,000,000	-	-	0%
Oakland Expansion Feasibility		900,000	-	900,000	-	-	0%
Temporary Floats (emergency)		445,000	-	445,000	-	-	0%
FERRY VESSELS:							
Vessel Construction							
New Commuter Class High-Speed Vessels - (Two)	13,487	30,115,000	26,449,977	2,557,000	1,367,603	1,108,023	92%
All Electric Expansion Small Vessels		13,250,450	106,893	2,000,000	13,636	11,143,557	1%
Replacement Vessels - MV Bay Breeze and Solano	1,421,544	37,902,400	11,652,246	7,359,400	4,177,542	18,890,754	42%
Replacement Vessel - MV Intintoli	11,295	26,446,700	377,522	7,370,000	95,829	18,699,178	2%
Replacement Vessel - MV Mare Island	230	26,500,000	-	4,120,000	7,949	22,380,000	0%
Vessel Acquisition - 28' Workboat		240,000	-	240,000	-	-	0%
Vessel Rehabilitation and Refurbishment							
Vessel Engines Conversion - Gemini Class Vessels **		N/A**	-	N/A**	44,286	-	0%
Vessel Mid-Life Refurbishment - MV Gemini		4,488,000	-	4,488,000	-	-	0%
Vessel Waterjet System Upgrade - Pyxis Class Vessels		700,000	-	350,000	-	350,000	0%
Vessel Mid-Life Refurbishment & Engine Overhaul - MV Pisces		4,679,000	-	4,354,000	8,381	325,000	0%
Vessel Quarter Life Refurbishment - MV Hydrus		2,252,000	-	238,700	-	2,013,300	0%
Engine Overhauls - FY22/FY23	199,910	2,235,000	907,191	1,129,943	402,109	197,867	59%
Engine Overhauls - FY24	-	2,010,000	-	1,900,000	888,732	110,000	44%
Major Waterjet Projects	434	1,404,500	-	1,404,500	165,033	-	12%
Spare Parts	-	1,333,000	-	1,333,000	-	-	0%
Total Capital Expenses	**$3,800,664**	**$214,916,115**	**$42,213,440**	**$75,074,912**	**$11,322,293**	**$97,627,762**	
CAPITAL REVENUES:							
Federal Funds	1,901,885	$112,540,737	$12,109,513	$33,327,627	$6,725,786	$67,103,597	17%
State Funds	45,967	54,168,310	22,276,784	19,291,217	1,480,820	12,600,309	44%
Regional - Bridge Toll	1,738,035	42,878,054	6,626,505	20,017,064	2,636,660	16,234,485	22%
Local	114,777	5,329,014	1,200,638	2,439,004	479,027	1,689,372	32%
Total Capital Revenues	**$3,800,664**	**$214,916,115**	**$42,213,440**	**$75,074,912**	**$11,322,293**	**$97,627,763**	

** Retention Payment from Authorized FY23 Project Occuring after Close of FY23 -

San Francisco Bay Area Water Emergency Transportation Authority
October 31, 2023 Investment Report

	Oct-23
Bank of America (Checking)	$841,526
Bank of America (Prop 1B)	908,986
Bank of America (Measure B/BB)	8,500,035
Local Agency Investment Fund (LAIF)	4,658,206
Total	**$14,908,753**

AGENDA ITEM 5b
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

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

SUBJECT: Review of FY 2023/24 Financial Statements Ending October 31, 2023

Recommendation
There is no recommendation associated with this informational item.

Financial Statements Summary
This report provides a summary of financial activity for the first four months of the Fiscal Year. Actual revenue and expense are reflected as of October 31 against the Fiscal Year 2023/24 approved budget. Revenue and expense to date for operations is $19.3 million. The summary table below shows the high-level comparison, with 33% of the fiscal year completed. The mix of revenues for operations will change through the fiscal year, with federal revenue being utilized heavily earlier in the year and bridge tolls providing a greater subsidy toward the end of the year.

Operating Budget vs. Actual	Year - To - Date		Annual	
	FY2022/23 Actual Prior YTD	FY2023/24 Actual Current YTD	FY2023/24 Approved Budget	% of FY 2023/24 Budget
Revenue:				
Fare Revenue	$ 4,049,290	$ 4,656,729	$ 12,757,159	37%
Federal - COVID-19 Relief Funds	9,163,950	9,402,825	20,214,365	47%
Bridge Toll Revenues	4,847,524	3,953,988	25,759,450	15%
State Operating Assistance	N/A	-	3,238,254	0%
Contra Costa Measure J	1,234,399	1,253,904	3,761,720	33%
Other Revenue	43,599	83,120	2,696,074	3%
Total Operating Revenues	**$ 19,338,762**	**19,350,566**	**$ 68,427,022**	**28%**
Expense:				
Ferry Services (all)	$ 18,264,132	$ 18,463,621	$ 64,481,828	29%
Planning & Administration	1,074,630	886,946	3,945,194	22%
Total Operatings Expenses	**$ 19,338,762**	**$ 19,350,566**	**$ 68,427,022**	**28%**
Farebox Recovery % (Regular Service)	**22%**	**25%**		

Capital Budget expenses, as shown below, are $11.3 million for the year. Progress continues on the Alameda Main Street Terminal project, completion of the new Delphinus vessel, replacement vessels and major electrification-related contracts as shown in the detailed expenditure chart.

Capital Budget vs. Actual	FY2023/24 Actual Current YTD	FY2023/24 Approved Budget	% of FY 2023/24 Budget
Revenue:			
Federal Funds	$ 6,725,786	$ 33,327,627	20%
State Funds	1,480,820	19,291,217	8%
Bridge Toll Revenues	2,636,660	20,017,064	13%
Other Revenues	479,027	2,439,004	20%
Total Capital Revenues	**$ 11,322,293**	**$ 75,074,912**	**15%**
Expense:			
Total Capital Expenses	**$ 11,322,293**	**$ 75,074,912**	**15%**

The financial reports attached show the more detailed operating, administrative, and capital activity for the month of October, year-to-date amounts against budget for the fiscal year, and historical comparisons of operating expense against the prior year.

Investment Report

In order to comply with Government Code § 53607, this report contains the monthly balances held in both the Local Agency Investment Fund (LAIF) and our commercial bank. The total balance in these two institutions is $14,908,753.

Fiscal Impact

There is no fiscal impact associated with this informational item.

END

FBB Federal Relations

Peter Friedmann
Ray Bucheger

801 Pennsylvania Avenue, NW
PH 21
Washington, DC 20004
(202) 783-3333

TO: **WETA Board Members**

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

SUBJECT: **WETA Federal Legislative Board Report – December, 2023**

This report covers the following topics:

- WETA Receives Funding Through the FTA Ferry Grant Program
- Congress Pushes FY24 Appropriations Process Into 2024

WETA Receives Funding Through the FTA Ferry Grant Program

WETA was awarded $15.9 million through the 5307(h) Passenger Ferry Grant Program to install on-site battery energy storage systems on four existing floats in the cities of Alameda and Downtown San Francisco to help facilitate the agency's shift to zero emission ferries. We worked with WETA staff to get letters of support from the Bay Area Congressional delegation and Senators Feinstein and Padilla. We also coordinated with the offices of Congresswoman Barbara Lee and Speaker Emerita Nancy Pelosi on continued advocacy throughout the year.

Altogether, FTA awarded $50.1 million for FY23, of which $5 million was set aside specifically for low- or zero-emission ferries and related facilities/equipment. This increased level of funding available for FY23 is directly tied to our advocacy last year during the FY23 appropriations process. The "normal" funding level for this program is $30 million per year. We are continuing to advocate for higher funding amounts for this program as part of the FY24 appropriations process.

It is notable that when combined with the $3 million that we were able to get included in the FY24 House Transportation-HUD Appropriations for WETA to reconfigure the Vallejo Ferry Terminal (thanks to strong support from Congressman John Garamendi), this means that WETA will have received nearly $20 million in competitive grant funding over the previous calendar year. This is a significant amount of money considering the hugely competitive nature of these grant programs.

Congress Pushes FY24 Appropriations Process Into 2024

As expected, prior to the Thanksgiving holiday, Congress passed another Continuing Resolution (CR) to keep the federal government operating beyond the November 27th expiration of the previous CR. Rather than extend all government funding to the same date, however, Congress took a "stepped" approach that extends funding for agencies under the purview of the Agriculture, Energy and Water, Military Construction-VA and Transportation-HUD Appropriations subcommittees until January 19th and funds the agencies under the purview of the eight remaining Appropriations subcommittees until

February 2nd. While this is a unique approach, we don't think it does much to change the politics of the appropriations process or make it any easier to overcome the fundamental political challenges that have prevented Congress from completing work on the FY24 appropriations process to date.

On that last point, it is notable that House and Senate leaders still don't agree on overall funding levels for the twelve appropriations bills that fund the federal government. Recall that the agreement that was struck earlier this year to increase the federal government's borrowing limit also set a top-line funding number for the federal government for FY24. While the Senate is adhering to that agreement, the House decided to implement further cuts. The fact that neither side seems to be inclined to move from their position and given the high levels of disfunction that persist in Congress, we continue to believe that a full-year CR is a possibility.

We previously reported that if Congress was unable to complete work on the FY24 appropriations process by December 31, that it would trigger a 1% across the board funding cut mandated by the debit limit bill that Congress passed earlier this year. We were hoping this would motivate Congressional leaders to complete work on the FY24 appropriations process by the end of the year. While this has not been widely reported, we have since learned through conversations with people on the Hill about a work-around that allows Congress to avoid these cuts even though the House and Senate failed to complete its work (hence they didn't feel as much pressure as we thought they would). What is not clear is how long these cuts can be avoided if Congressional leaders are forced to pass another CR in the new year.

If Congress is unable to come to an agreement on the 12 appropriations bills for FY24 and instead funds federal government agencies through a full-year CR, all earmarks would be struck from the bill, including the $3 million that was included in the FY24 House Transportation-HUD Appropriations for WETA to reconfigure the Vallejo Ferry Terminal. This would obviously be a disappointing result. Unfortunately, there is nothing that WETA (or any organization) can do to affect the overall process.

Even with the FY24 appropriations process being extended into 2024, there are a number of other items that Congress will be focused on in December (none of which directly affect WETA). This includes supplemental funding for Ukraine, Israel and Taiwan, as well as changes to the Biden Administration's border / immigration policy, which many Republicans are seeking as a prerequisite for any supplemental funding. Congress must also reauthorize the FAA's legal authorities, take up and pass the annual National Defense Authorization Act (NDAA) and re-up Section 702 of the Foreign Intelligence Surveillance Act (FISA), which permits U.S. intelligence agencies to conduct warrantless surveillance on non-American citizens who are outside the United States.

Respectfully Submitted,
Peter Friedmann and Ray Bucheger

Shaw
Yoder
Antwih
Schmelzer
& Lange

1415 L Street
Suite 1000
Sacramento
CA, 95814
916-446-4656

November 27, 2023

TO: Board of Directors - San Francisco Bay Area Water Emergency Transportation Authority

FM: Matt Robinson, Partner
Michael Pimentel, Legislative Advocate

RE: STATE LEGISLATIVE UPDATE – December 2023

General Update
The Legislature remains on interim study recess and will return to Sacramento on January 3 to convene the second year of the 2023-24 Legislative Session. Immediately upon their return, the Legislature will begin working to hear and move bills introduced in 2023 that did not move out of their first house, known as two-year bills. Two-year bills still in their first policy committee will have to move by January 22, with all two-year bills needing to pass the first house by January 31. When the Legislature returns, their actions will be subject to the 2024 Legislative Calendar, which is now available here.

Assembly Speaker Rivas Appoints Key Committee Chairs
On November 21, Assembly Speaker Robert Rivas (D-Salinas) announced his much anticipated changes to policy and fiscal committee chairs in the Assembly. While the changes won't take effect until January 22, 2024, to allow current chairs the time to finish the two-year bill work (see above), the new chairs will oversee the bulk of their respective committee's work in 2024.

Some key changes we would like to note are:

- Assembly Transportation Committee Chair Lori Wilson (D-Fairfield)
- Assembly Appropriations Committee Chair Buffy Wicks (D-Oakland)
- Assembly Budget Subcommittee #3 (Climate Crisis, Resources, Energy, and Transportation) Chair Steve Bennett (D-Ventura) [this appointment reflects a broader jurisdiction for the subcommittee]
- Assembly Budget Committee Chair Jesse Gabriel (D-Encino)
- Assembly Utilities and Energy Committee Chair Cottie Petrie-Norris (D-Irvine)
- Assembly Natural Resources Committee Chair Isaac Bryan (D-Los Angeles)
- Assembly Housing Committee Chair Chris Ward (D-San Diego)

In the months ahead, we expect the Speaker, after conferring with the new committee chairs, to announce the complete roster of all committees. In addition to the changes to the various chairs, Speaker Rivas announced a change to his leadership team, appointing Assembly Member Cecilia Aguiar-

Curry (D-Winters) as Assembly Majority Leader (she is currently the Speaker pro Tempore) and Assembly Member Jim Wood (D-Santa Rosa) as Speaker pro Tempore.

CalSTA Releases Solicitation for Transit Recovery Task Force

SB 125 (Committee on Budget and Fiscal Review), which was part of the FY 2023-24 Budget Act establishes the Transit Recovery Task Force (Task Force) and requires, by January 1, 2024, CalSTA to convene the Task Force. The Task Force is required to include transit operators (small and large/urban and rural), local governments, MPOs/RTPAs, advocacy organizations, legislative committee staff, and Caltrans. The Task Force will focus on developing policy recommendations that will increase transit ridership and improve transit for users. CalSTA is required to prepare a recommendations report based on the Task Force's efforts to the Legislature by October 31, 2025. The report is required to cover numerous elements. On November 14, CalSTA opened an application process for interested participants, closing it on November 29. We expect the Task Force to be selected by December 8, with an initial kick-off meeting in mid-December.

CTC Releases SB 1121 Interim Report

On November 9, the California Transportation Commission released the Draft SB 1121 State and Local Transportation System Needs Assessment Interim Report. The Draft Interim Needs Assessment reviews the state's surface transportation needs – across modes – with a focus on summarizing needs outlined in existing reports. The Draft Interim Needs Assessment also includes a near-term, five-year gasoline consumption projection to 2029 which illustrates the decline due to increased fuel efficiency and adoption of zero-emission vehicles. Caltrans developed this near-term projection. The Draft Interim Needs Assessment also outlines the CTC's plan for developing the Complete Transportation Needs Assessment Report required under SB 1121. CTC will host a Draft Interim Needs Assessment Workshop on November 30 and CTC staff will present an informational update on the report at the upcoming December 6-7, 2023 Commission Meeting. CTC is accepting comments on the Draft Interim Needs Assessment through December 8, 2023.

Legislation of Interest

SB 273 (Wiener) Tidelands and submerged lands: City and County of San Francisco. (SUPPORT)

Existing law grants to the City and County of San Francisco rights to certain tidelands and submerged lands and establishes the San Francisco Bay Conservation and Development Commission. Under existing law, the State Lands Commission is authorized to approve a mixed-use development on the San Francisco waterfront at Piers 30-32, which would include a multipurpose venue for events and public assembly. This bill would revise those provisions to instead authorize the State Lands Commission to approve a mixed-use development that includes general office use and general retail use. **This bill was signed by Governor Newsom.**

SB 532 (Wiener) Bridge Toll Increase for Transit Operations.

This bill, as currently drafted, would temporarily raise tolls on seven state-owned bridges in the Bay Area by $1.50 for five years, generating approximately $180 million annually. SB 532 would direct this revenue to the Metropolitan Transportation Commission to help eligible transit operators avoid service cuts and maintain operations and to transform transit service pursuant to MTC's adopted Transit Transformation Action Plan, or to make specific safety, security, reliability, or cleanliness improvements.

SB 532 is co-authored by a group of lawmakers, including Senators Cortese and Becker, and Assembly Members Haney, Ting, Lee, Bonta, and Wicks. **This is a two-year bill.**

SB 537 (Becker) Open Meetings: Multijurisdictional, Cross-County Agencies: Teleconferences.
The bill would authorize the legislative body of a multijurisdictional, cross-county agency, as specified, to use alternate teleconferencing provisions if the eligible legislative body has adopted an authorizing resolution, as specified. The bill would also require the legislative body to provide a record of attendance and the number of public comments on its internet website within 7 days after a teleconference meeting, as specified. The bill would require at least a quorum of members of the legislative body to participate from locations within the boundaries of the territory over which the local agency exercises jurisdiction. The bill would require the legislative body to identify in the agenda each member who plans to participate remotely and to include the address of the publicly accessible building from each member will participate via teleconference. The bill would prohibit a member from participating remotely pursuant to these provisions unless the remote location is the member's office or another location in a publicly accessible building and is more than 40 miles from the location of the in-person meeting. The bill would repeal these alternative teleconferencing provisions on January 1, 2028. **This is a two-year bill.**

SB 617 (Newman) Progressive Design-Build
Existing law authorizes certain local agencies authorized to provide for the production, storage, supply, treatment, or distribution of water to use the progressive design-build process for up to 15 public works projects in excess of $5,000,000 for each project. This bill would additionally authorize a transit district, municipal operator, consolidated agency, joint powers authority, regional transportation agency, or local or regional agency to use the progressive design-build process. The bill would specify that the authority to use the progressive design-build process does not include inspection services for projects on, or interfacing with, the state highway system. **This bill was signed by Governor Newsom.**

AB 321 (Wilson) Sales and Use Tax Exemptions: Zero-Emission Public Transportation Ferries. (SPONSOR)
This bill would until January 1, 2034, exempt from those taxes the gross receipts from the sale in this state of, and the storage, use, or other consumption in this state of, zero-emission public transportation ferries. **This bill was held in the Assembly Appropriations Committee.**

AB 463 (Hart) Electricity: Prioritization of Service: Public Transit Vehicles. (SUPPORT)
This bill would provide transit agencies with priority access to electricity when facing grid disruptions caused by natural or man-made disasters, rolling blackouts, utility company "Public Safety Power Shutoffs" (PSPS), and increasing demand on California's electrical grid. **This bill was held in the Assembly Appropriations Committee.**

AB 557 (Hart) Open Meetings: Local Agencies: Teleconferences.
Beginning on January 1, 2024, this bill would extend the existing teleconferencing/remote-meeting authority that can be used when a declared state of emergency is in effect and would also extend the period for a legislative body to make the required findings related to the continuing state of emergency and social distancing from 30 days to 45 days after the first teleconferenced meeting, and every 45 days thereafter, in order to continue to meet. **This bill was signed by Governor Newsom.**

AB 610 (Holden) Youth Transit Pass Pilot Program: Free Youth Transit Passes.
This bill would create the Youth Transit Pass Pilot Program for the purposes of awarding grants to transit agencies for the costs of creating, designing, developing, advertising, distributing, and implementing free youth transit passes to persons attending certain educational institutions, providing free transit service to holders of those passes, and administering and participating in the program. The bill would authorize a transit agency to submit a grant application in partnership with one or more educational institutions and would also authorize grant funds to be used to maintain, subsidize, or expand an existing fare free program. **This is a two-year bill.**

AB 761 (Friedman) Transit Transformation Task Force.
This bill would require the Secretary of the California State Transportation Agency, on or before July 1, 2024, to establish and convene the Transit Transformation Task Force to include representatives from the department, the Controller's office, various local agencies, academic institutions, nongovernmental organizations, and other stakeholders. The bill would require the task force to develop a structured, coordinated process for early engagement of all parties to develop policies to grow transit ridership and improve the transit experience for all users of those services. The bill would require the secretary, in consultation with the task force, to prepare and submit a report of findings based on the task force's efforts to the appropriate policy and fiscal committees of the Legislature on or before January 1, 2025. **This bill was incorporated into SB 125 (Committee on Budget and Fiscal Review).**

AB 1379 (Papan) Open Meetings: Local Agencies: Teleconferences.
This bill also provides a broad interpretation of the Brown Act for all legislative bodies to participate in meetings via teleconferencing outside of a declared state of emergency without posting the physical location of members or requiring a quorum to be present at a meeting location but would require a local agency to have a physical meeting location open to the public and follow certain notification procedures and meeting procedures. **This is a two-year bill.**

ACA 1 (Aguiar-Curry) Lower-Vote Threshold.
This measure would authorize a local government, including a special district, to impose, extend, or increase a sales and use tax or transactions and use tax imposed, or a parcel tax, for the purpose of funding the construction, rehabilitation, or replacement of public infrastructure, defined to include improvements to transit and streets and highways and projects for the protection of property from the impacts of sea level rise, as well as for affordable housing, if the proposition proposing that tax is approved by 55% of its voters. **This measure was approved by the Legislature and will appear on the November 2024 ballot.**

ACA 13 (Ward) Higher-Vote Threshold to Change Local Funding Thresholds.
This measure would require an initiative constitutional amendment to comply with any increased voter approval threshold that it seeks to impose on future ballot measures. Guarantees in the state constitution the ability of local governments to submit advisory questions to voters. Specifically, this measure: 1) Provides that an initiative measure that includes one or more provisions that amend the California Constitution, and that increases the voter approval requirement to adopt any state or local measure, must receive a proportion of votes in favor of the initiative that is equal to or greater than the highest voter approval requirement imposed by the initiative for the adoption of a state or local

measure. 2) Permits a local governing body, at any election, to hold an advisory vote concerning any issue of governance for the purpose of allowing voters within the local jurisdiction to voice their opinions on the issue. Provides that an advisory question is approved only if a majority of the votes cast on the question are in favor. Provides that the results of the advisory vote are not controlling on the local governing body. **This measure was approved by the Legislature and may appear on the November ballot.**

AGENDA ITEM 5e
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Kevin Connolly, Planning & Development Manager
Timothy Hanners, Operations & Maintenance Manager
Gabriel Chan, Transportation Planner
Joseph Ramey, Operations Analyst

SUBJECT: Monthly Operations, Ridership, and Recovery Report – December 2023

Background

Operations

Following the implementation of the new Swiftly system for ridership and service operations data in January 2023, staff are now able to develop accurate and real-time on-time performance and reliability reports. Staff will now aggregate and publish this data in the Monthly Operations, Ridership, and Recovery Report.

The following metrics are now included in this report:

- **On-Time Trips:** Trips arriving early, on-time, or less than five minutes after the scheduled arrival time.
- **Late Trips:** Trips arriving five minutes or more past the scheduled arrival time.
- **Cancelled Trips:** Cancelled trips not replaced by a substitute (backup) vessel.
- **On-Time Performance (OTP):** The percentage of total trips that arrived early, on-time, or less than five minutes after the scheduled arrival time.
- **Service Reliability:** The percentage of scheduled trips that were operated, after adjusting for trips cancelled.

In addition, staff will compare on-time performance and service reliability metrics of other ferry operators to those of WETA moving forward. On-time performance and reliability data will be sought from the following public ferry operators:

- Golden Gate Ferry
- Washington State Ferries
- Kitsap Transit
- Staten Island Ferry
- NYC Ferry
- Massachusetts Bay Transportation Authority (MBTA) Ferry

This new component of the monthly report will also inform potential initiatives that staff can pursue to improve on-time performance and reliability along with input from the Board and others.

Ridership Recovery

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. WETA relaunched the South San Francisco service in November 2021.

The Plan enhanced service during midday and weekend periods to reflect changing demands from regular commuters and recreational riders. Lower fares, more in line with parallel transit options such as BART or Transbay buses, is an additional feature of the Plan. This report provides a monthly update on ridership trends, comparisons to historical data and other regional transit operators, as well as upcoming service adjustments.

Discussion

Operations

Highlights:

- Overall, WETA's on-time performance and service reliability remains consistently high from month-to-month.
- Year-to-date **on-time performance** for January to October 2023 averaged 96.9% systemwide. On-time performance for October averaged 95.9%, a slight decrease compared to September on-time performance of 96.8%. The decline in on-time performance in October was primarily driven by high levels of demand during Fleet Week weekend (10/7 and 10/8) which generated higher-than-normal service delays.
- On-time performance is generally consistent for weekends and weekdays, and across routes, with minor variations from month-to-month.
- Year-to-date **service reliability** for January through October 2023 averaged 99.4% systemwide, with less than 1% of total scheduled trips cancelled. Service reliability for October averaged 99.7%, nearly the same as September service reliability of 99.8%.
- There was a total of 264 trip segments cancelled over the period January to October 2023 compared to 42,096 trip segments provided over this period.
- WETA has similar, if not higher, levels of on-time performance and reliability compared to other public ferry operators analyzed. WETA's year-to-date on-time performance through August 2023 averaged 97% compared to 92% for other selected public ferry operators considered in this report. WETA's average year-to-date reliability performance was similar to the average for the other public ferry operators analyzed, both averaging roughly 99%.

Ridership Recovery

Overall, ridership continues to trend up year-over-year with 2023 seeing nearly 10% higher ridership than 2022. Weekend ridership continues to be 100% or more of 2019 levels.

Highlights:

- WETA remains ahead of FY24 year to date ridership projections in the budget
- Ridership is expected to dip with the holiday season starting and potential inclement weather

Recommendations

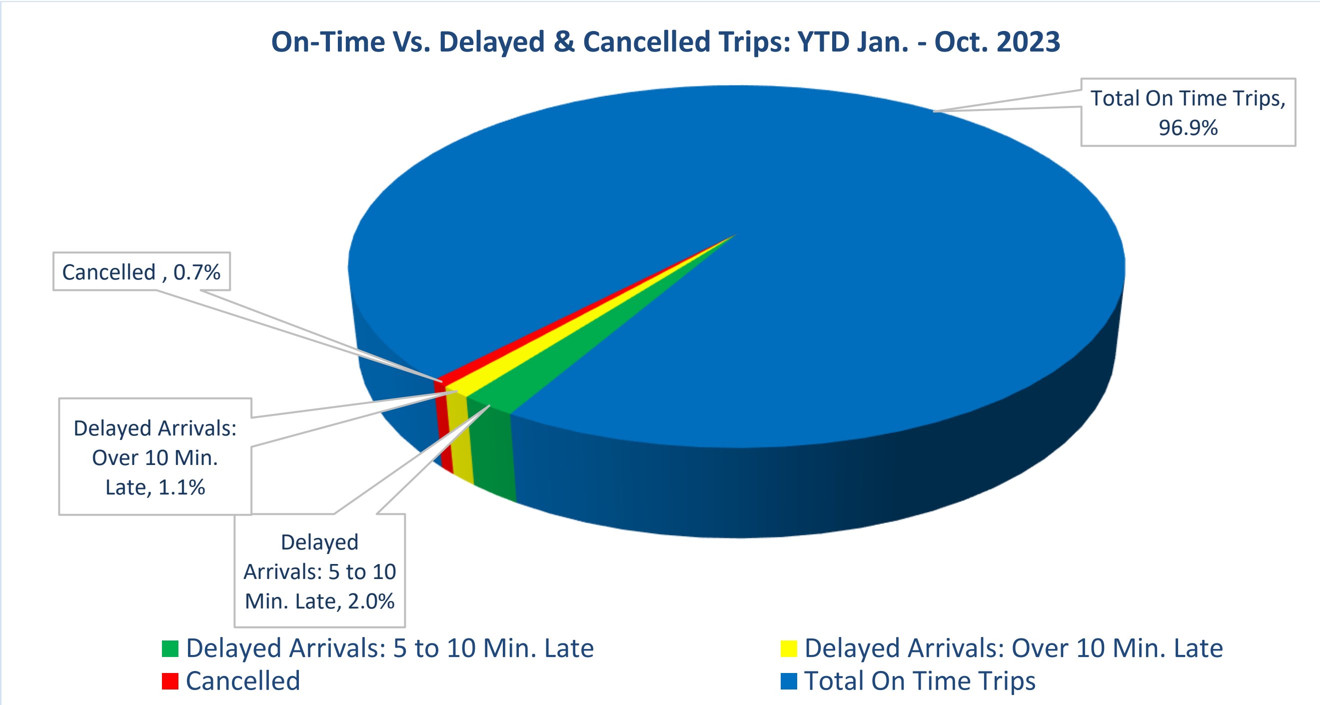
Operations

None at this time.

Ridership Recovery

Staff continue to actively monitor ridership trends during the Alameda Main Street terminal closure.

Appendix A. Operations Data Summary

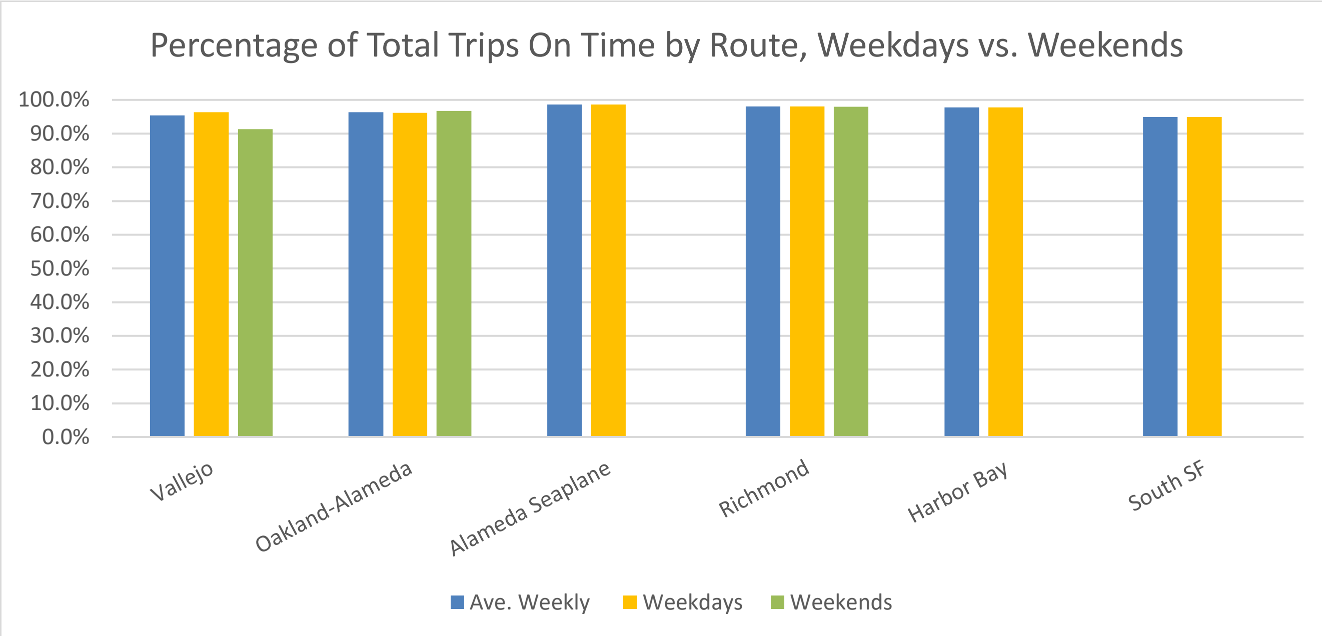


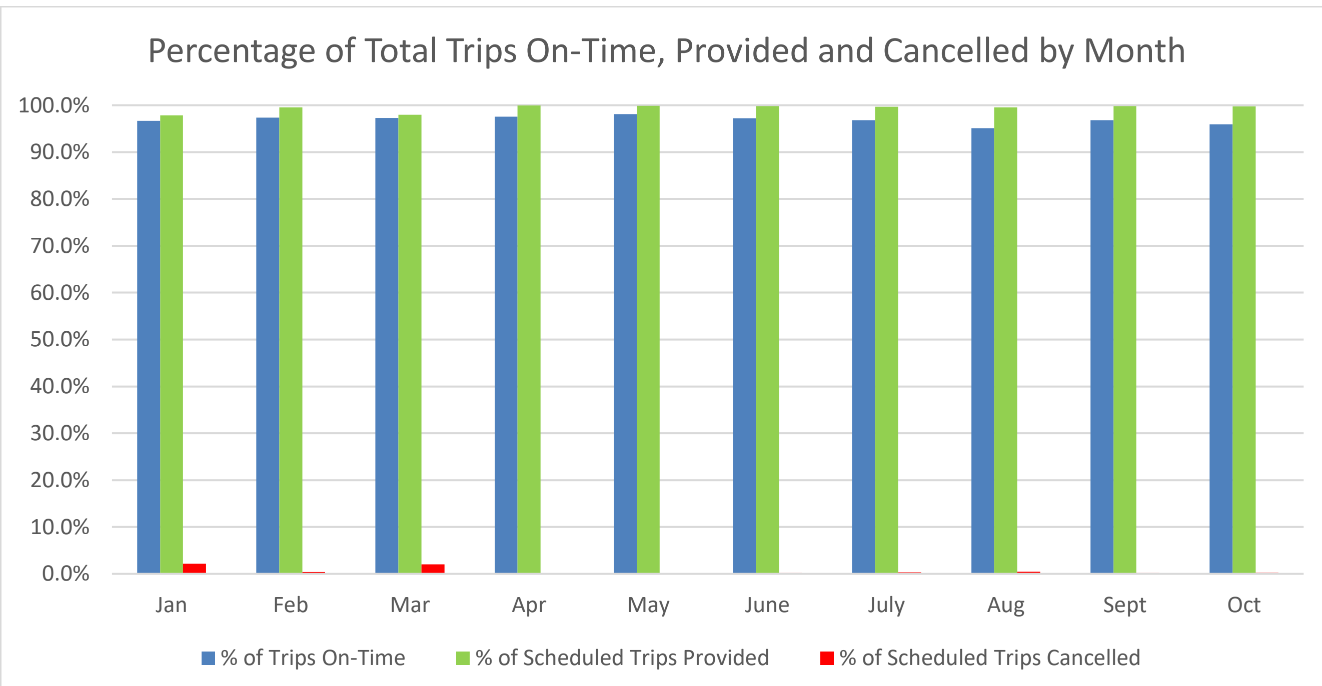
Percentage of Trips On-Time: Year-to-Date (Jan-Oct. 2023)

Route	Ave. Weekly	Weekdays	Weekends
Vallejo	95.4%	96.4%	91.4%
Oakland-Alameda	96.3%	96.2%	96.7%
Alameda Seaplane	98.6%	98.6%	Not Provided
Richmond	98.0%	98.1%	97.9%
Harbor Bay	97.8%	97.8%	Not Provided
South SF	94.9%	94.9%	Not Provided
Total System	**96.9%**	**97.1%**	**95.6%**

On-Time Performance & Reliability by Month (Jan-Oct. 2023)

	% of Trips On-Time	% of Scheduled Trips Provided	% of Scheduled Trips Cancelled
January	96.7%	97.9%	2.1%
February	97.3%	99.6%	0.4%
March	97.3%	98.0%	2.0%
April	97.5%	99.9%	0.1%
May	98.1%	99.9%	0.1%
June	97.2%	99.8%	0.2%
July	96.8%	99.7%	0.3%
August	95.1%	99.6%	0.4%
September	96.8%	99.8%	0.2%
October	95.9%	99.7%	0.3%
Average (YTD)	**96.9%**	**99.4%**	**0.6%**


Percentage of Total Trips On Time by Route, Weekdays vs. Weekends
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Vallejo
Oakland-Alameda
Alameda Seaplane
Richmond
Harbor Bay
South SF
Ave. Weekly
Weekdays
Weekends

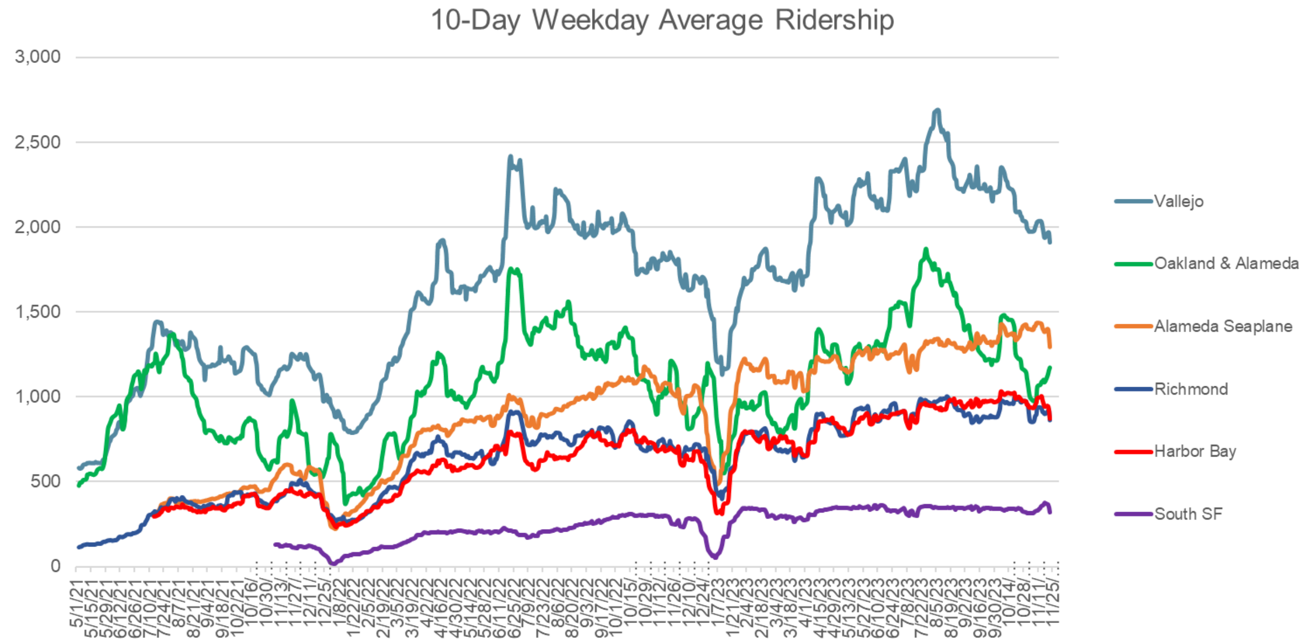

Percentage of Total Trips On-Time, Provided and Cancelled by Month
100.0%
90.0%
80.0%
70.0%
60.0%
50.0%
40.0%
30.0%
20.0%
10.0%
0.0%
Jan
Feb
Mar
Apr
May
June
July
Aug
Sept
Oct
% of Trips On-Time
% of Scheduled Trips Provided
% of Scheduled Trips Cancelled

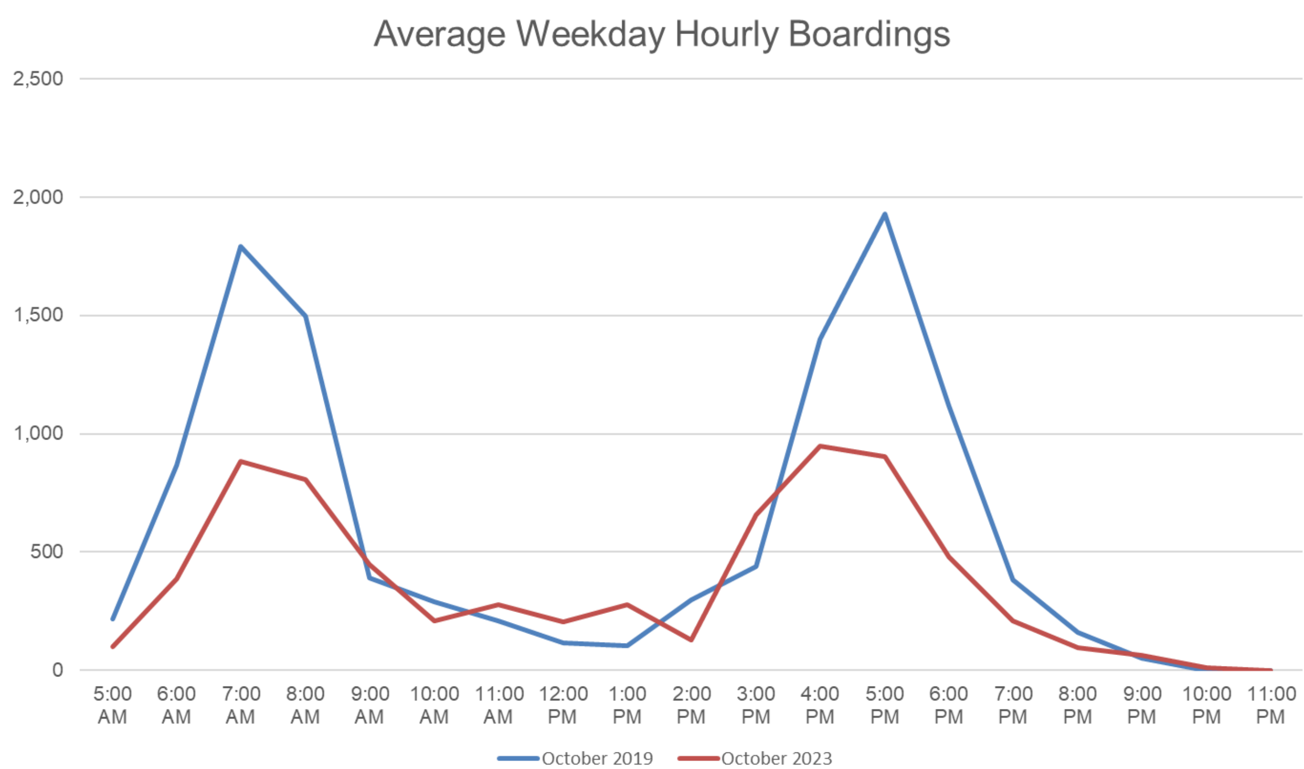
WETA On-Time Performance & Reliability Compared to Other Ferry Operators, YTD Jan – Aug 2023*

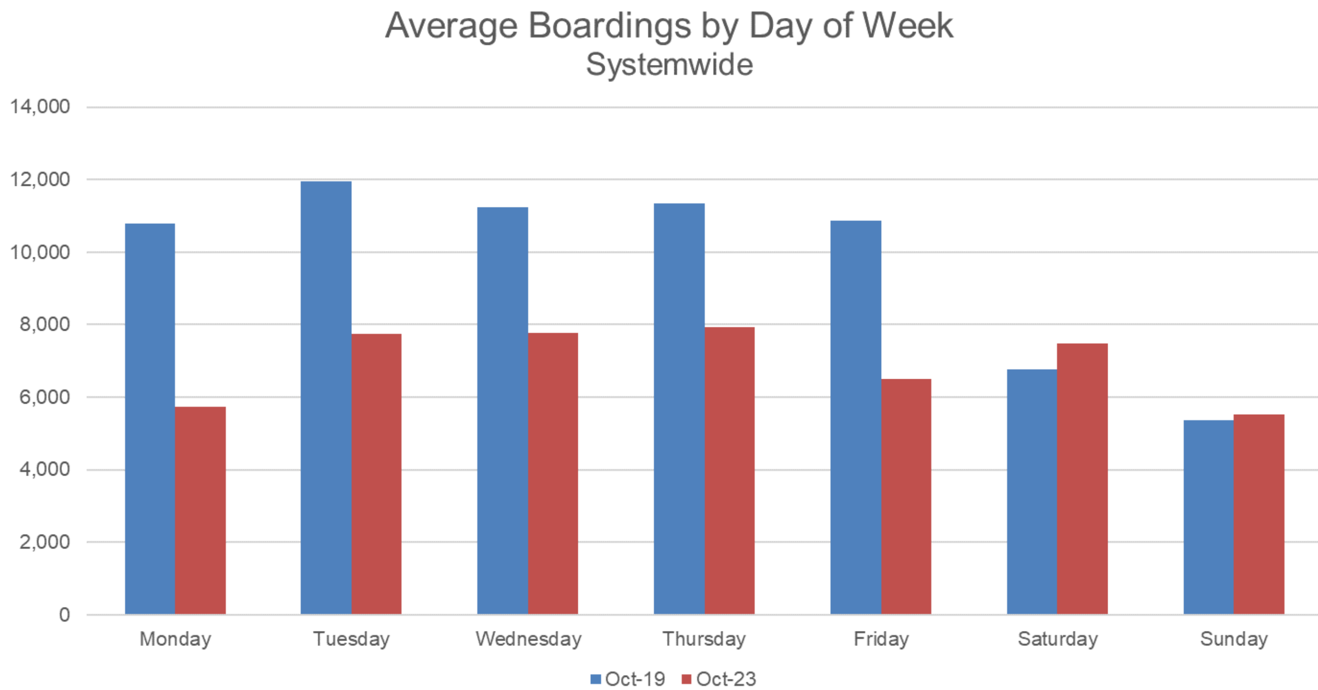
	% of Trips on Time	% of Scheduled Trips Provided
Golden Gate	96.7%	99.0%
Washington State Ferries	82.5%	97.8%
Kitsap Transit	98.2%	98.7%
Mass. Bay Transportation Authority	99.1%	99.5%
NYC Ferry (Jan.-July)	83.3%	97.4%
Staten Island Ferry	94.2%	99.5%
Average of Comps	**92.3%**	**98.7%**
WETA	**97.0%**	**99.2%**
BART (Jan-July)	68.8%	n/a
MUNI (Jan-July)	83.3%	n/a
AC Transit (Jan-July)	74.0%	n/a

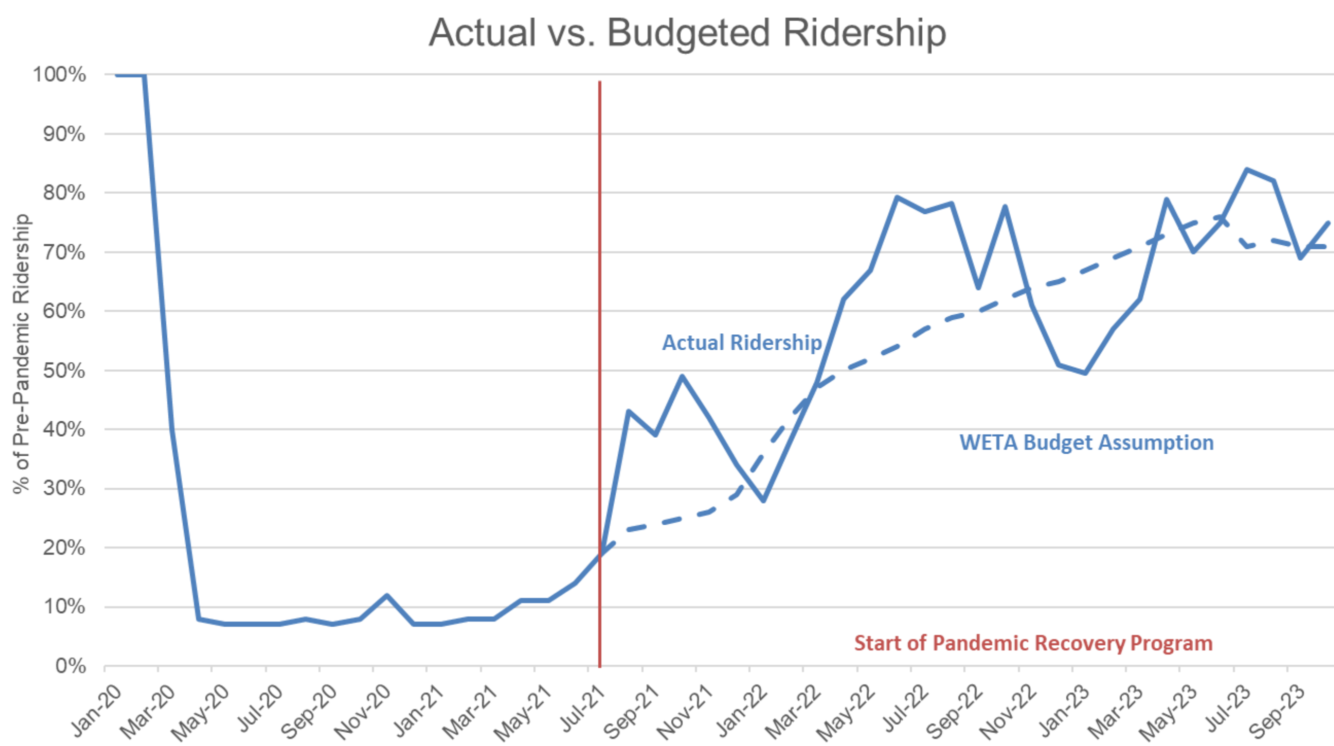
*** Note:** The definition of on-time performance varies among the other ferry and transit operators considered in this analysis. Some operators consider on-time performance based on late departures instead of late arrivals. Most operators define on-time trips as trips departing or arriving within 5 minutes of the scheduled departure or arrival time.

Appendix B. Ridership Recovery Data Summary






Average Boardings by Day of Week
Systemwide
14,000
12,000
10,000
8,000
6,000
4,000
2,000
0
Monday
Tuesday
Wednesday
Thursday
Friday
Saturday
Sunday
Oct-19
Oct-23


Actual vs. Budgeted Ridership
% of Pre-Pandemic Ridership
100%
90%
80%
70%
60%
50%
40%
30%
20%
10%
0%
Actual Ridership
WETA Budget Assumption
Start of Pandemic Recovery Program
Jan-20
Mar-20
May-20
Jul-20
Sep-20
Nov-20
Jan-21
Mar-21
May-21
Jul-21
Sep-21
Nov-21
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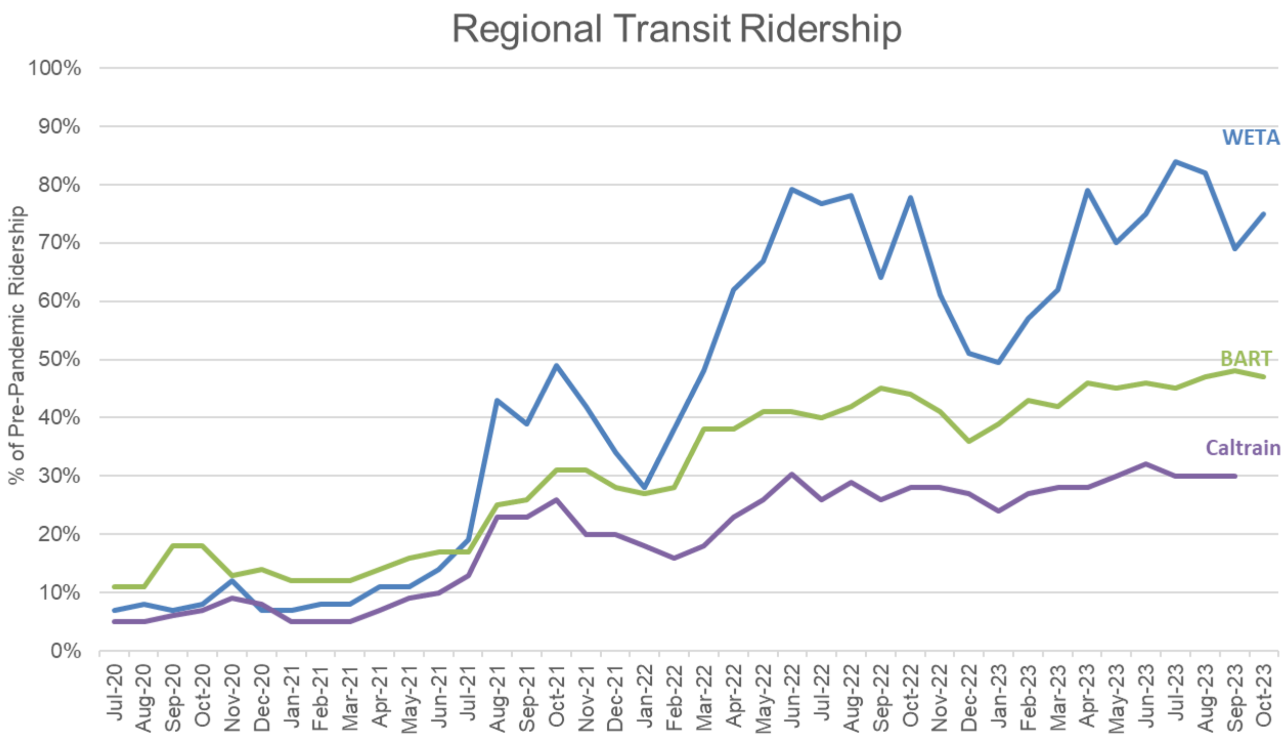
May-23
Jul-23
Sep-23



Note: Caltrain ridership for October will be available following their December meeting.

		October 2023	Oakland & Alameda*	Vallejo*	Richmond	Harbor Bay	Alameda Seaplane	South San Francisco**	Systemwide
Boardings	vs. last month	Total Passengers October 2023	62,924	63,724	27,075	21,872	31,475	7,329	214,399
		Total Passengers September 2023	59,655	64,370	21,861	19,119	26,437	6,662	198,104
		Percent change	5.48%	-1.00%	23.85%	14.40%	19.06%	10.01%	8.23%
	vs. same month last year	Total Passengers October 2023	62,924	63,724	27,075	21,872	31,475	7,329	214,399
		Total Passengers October 2022	62,329	56,731	21,411	15,988	23,582	6,422	186,463
		Percent change	0.95%	12.33%	26.45%	36.80%	33.47%	14.12%	14.98%
	vs. prior FY to date	Total Passengers Current FY To Date	285,172	281,691	99,925	80,745	112,472	28,511	888,516
		Total Passengers Last FY To Date	238,145	244,344	83,236	59,735	85,429	21,540	732,429
		Percent change	19.75%	15.28%	20.05%	35.17%	31.66%	32.36%	21.31%
		Avg Weekday Ridership October 2023	2,860	2,897	1,231	994	1,431	333	9,745
Ops Stats		Passengers Per Hour October 2023	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!	#DIV/0!
		Revenue Hours October 2023							0
		Revenue Miles October 2023							0
		Peak hour utilization, AM – October 2023	30%	45%	34%	39%	38%	25%	35%
		Peak hour utilization, PM – October 2023	49%	65%	34%	42%	40%	23%	42%

** Includes special event ridership to/from Oracle Park and/or Chase Center*
*** Service suspended on the South San Francisco route until November 2021*

END

AGENDA ITEM 6a
MEETING: December 7, 2023

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

[November 2, 2023]

The Board of Directors of the San Francisco Bay Area Water Emergency Transportation Authority met in regular session at Port of San Francisco at Pier 1, San Francisco, CA and via videoconference.

1. CALL TO ORDER
Chair James Wunderman called the meeting to order at 1:02 p.m.

2. ROLL CALL
Chair Wunderman, Vice Chair Monique Moyer, Director Jeffrey DelBono, and Director Pippin Dew were in attendance.

Chair Wunderman led the Pledge of Allegiance. He welcomed directors, staff, and meeting guests and noted that the meeting was being conducted in person and by videoconference and was being recorded. He advised guests about offering public comment and how guests could sign up to speak throughout the meeting.

3. REPORT OF BOARD CHAIR
Chair Wunderman reported that he had a good conversation about the future of California transit and different funding opportunities with California State Transportation Agency Secretary Toks Omishakin and Caltrans District 4 Director Dina El-Tawansy. He said that there were approximately 50 to 60 attendees at the event and that Secretary Omishakin gave a nice talk and presentation that included a debate about the correct pronunciation of “WETA”. He thanked Bay Area Council Vice President of Public Policy Emily Loper for organizing the event and said that the slide presentation would be posted on the Bay Area Council website.

4. REPORTS OF DIRECTORS
Vice Chair Moyer said that she had an opportunity to visit the South San Francisco Ferry Terminal and talked with a working mom who used the service and gave the ferry service strong reviews but said that more service and more flexibility in the service would be great. Vice Chair Moyer noted the availability of the shuttle and the bus service in South San Francisco and hoped that that the service would continue to grow.

Chair Wunderman commented that the Bay Area Council held their recent Board meeting at Genentech in South San Francisco and stated that he thought that over time there would be an increase in ridership as Genentech was bringing people back to the office.

5. REPORTS OF STAFF
Executive Director Seamus Murphy said that WETA has done well in the discretionary grant programs under Secretary Omishakin and thanked the Bay Area Council for organizing the event adding that he believed that WETA is the only agency to get a perfect score for the Transit and Intercity Rail Capital Program (TIRCP).

Mr. Murphy introduced Government and Regulatory Affairs Manager Lauren Gularte and Tony Heeter of Blue & Gold Fleet (Blue & Gold) to share their presentation and provide an overview about the Bay Ferry VI exercise. Ms. Gularte said that the Golden Gate Bridge, Highway and Transportation District secured the grant and led the planning effort for the regional maritime focused, active threat full-scale exercise.

Ms. Gularte stated that the exercise took place over a period of four days and that WETA provided a vessel, staff and crews for Days 3 (active shooter underway boarding) and 4 (mass casualty event requiring evacuation testing Vessel Mutual Aid Plan (VMAP)). She said that 619 personnel, 39 law enforcement, and 51 agencies participated. She noted that WETA and Blue & Gold conducted and hosted several training sessions for crew and law enforcement partners in the months leading up to the exercise. She recognized Blue & Gold for their work in coordinating the training sessions at little cost to the agency and without disrupting transit services.

Director DelBono commented that City of Alameda fire agencies asked for training opportunities to get fire equipment on board the ferries.

The Directors thanked the staff for the presentation and pictures and for their participation and efforts in planning the exercise.

Mr. Murphy shared a Metropolitan Transportation Commission (MTC) presentation in preparation for a regional transportation measure. He said the measure would be based on Plan Bay Area 2050 infrastructure project goals. He said that MTC conducted an opt in survey with the public about what their priorities would be for a regional transportation measure. MTC plans to secure legislative approval to put a measure on the November 2026 ballot that is expected to cover at least five counties and possibly nine counties.

Mr. Murphy clarified that this measure would be separate from the Bay Area Housing Finance Authority (BAHFA) measure for an affordable housing bond in response to Chair Wunderman.

Chair Wunderman remarked that he saw other polls which showed record low support for public transportation and that there was talk about consolidation. Mr. Murphy stated that he thinks the public cares about the outcomes and not the process to get there or about consolidation as long as the outcomes create a difference in regular day-to-day life.

Chair Wunderman suggested having early conversations with Congress for federal transportation funding because a regional measure would be more amenable to the public when their money is federally matched.

Mr. Murphy thanked Chair Wunderman for his suggestion and introduced Public Information and Marketing Manager Thomas Hall to provide an update on the impacts of the Main Street Ferry Terminal closure since October 23 and the rideshare voucher program. Mr. Murphy said that 14 of the 33 distributed vouchers have been used for a total of 61 rides and thanked Customer Experience Specialist Rafael Regan for the day-to-day management of the rideshare program.

Mr. Murphy thanked Mr. Hall for his report and introduced Transportation Planner Gabriel Chan who was participating remotely to provide the monthly operations, ridership, and recovery report. Mr. Chan said that the dip in ridership was due to seasonal fluctuations. In response to Chair Wunderman, Mr. Chan noted that Bay Area Rapid Transit (BART) and Caltrain do not experience the seasonal fluctuations in ridership to the same degree as WETA. Mr. Murphy added that WETA's dependence on recreational ridership is more impacted by the season and was exploring ways to increase recreational ridership. Operations Analyst Joe Ramey provided an on-time performance and reliability update.

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

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

Chair Wunderman thanked staff for the reports.

6. CONSENT CALENDAR

Director DelBono made a motion to approve the consent calendar:

a. Approve Board Meeting Minutes – October 12, 2023

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

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

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

7. OAKLAND ESTUARY WATER SHUTTLE PILOT SERVICE PROJECT AGREEMENT

Planning and Development Manager Kevin Connolly presented this item remotely requesting authorization to enter into a project agreement with the City of Alameda by which WETA will serve as operator for a two-year pilot water shuttle service linking the cities of Alameda and Oakland.

Mr. Connolly said that the Oakland Estuary service was expected to be free and operate throughout the day through a grant secured by the County Transportation Commission (CTC). He explained that neither of WETA's pre-qualified on-call pilot program operators—Blue & Gold and PROP—had a vessel suitable for the service. He said that Big Yellow Boat, LLC, which is wholly owned by the Alameda Transportation Management Association (TMA) volunteered to purchase a vessel tailored to the service.

Mr. Connolly said that service is targeted to begin in May or June of next year. If the Board approves the project agreement, the next step is for staff to return to the Board with a proposed amendment to WETA's existing contract with Blue & Gold to operate this pilot service.

Mr. Connolly introduced City of Alameda Senior Transportation Planner Rochelle Wheeler and real estate developer and Alameda TMA President and Chairman Mike O'Hara to address the Board.

Ms. Wheeler said that the City of Alameda would monitor the ridership and evaluate the service during the two-year pilot.

Mr. O'Hara thanked Mr. Connolly and Operations and Maintenance Manager Timothy Hanners for their expertise. He said that he hoped funding would continue once grant funds have been expended.

Ms. Wheeler and Mr. O'Hara thanked the Board for their leadership and urged the Board to approve this agreement.

PUBLIC COMMENT

Alex Kryska of PROP spoke in support of the service and expressed his disappointment about the lack of recognition of PROP's efforts to conceive of and support the development of the project and PROP's relevant experience for operating the service.

Ms. Loper voiced her strong support for moving forward with the partnership and the CTC.

Bike East Bay co-Executive Director of Mobility Justice Justin Hu-Nguyen, Port of Oakland Acting Government Affairs Manager Diego Gonzalez, Alameda Chamber and Economic Alliance President & CEO Madlen Saddik, and Inlandboatmen's Union of the Pacific Regional Director Robert Estrada spoke in support of the project.

Chair Wunderman recognized the letter of support from Bike Walk Alameda.

Chair Wunderman acknowledged the comments and the competitive environment and stated that he hoped more opportunities would be available in the future and that this could be a model for the future. He asked Mr. Murphy to provide some background on the selection process.

Mr. Murphy stated that the item being presented was requesting authorization to enter into an agreement with the City of Alameda and that the final selection of the operator would be a subsequent Board action and asked Mr. Connolly to address the comments.

Mr. Connolly stated that WETA plans to recommend, as part of a future item that will be presented to the Board, that Blue & Gold operate this service based on their staffing availability, which is critical for a one-vessel service. He added that this service would be used as a potential training ground for new captains and that Blue & Gold has a much deeper level of expertise on vessel maintenance.

Director DelBono recognized that this small boat service didn't gain much traction earlier in COVID but thinks that the Board is interested in moving forward. He thanked PROP for their work with organized labor.

Mr. Connolly said that the schedule was still being worked out and that potential sponsors were still in discussions. He said that the service will go from the Fifth Street dock (Target dock) to the Broadway dock in Oakland owned by the Port of Oakland in response to Director DelBono.

Mr. Hanners said that the vessel is a diesel with two outboard gas engines with the ability to easily convert to all-electric in response to Vice Chair Moyer.

Vice Chair Moyer expressed her excitement about the service and remarked that WETA has made an investment in small craft. She said that she was disappointed that WETA didn't leverage its partnerships to be more inclusive and lower the barriers to entry.

Director Dew said that she was looking at this service as a potential roadmap for other pilot projects, having learned that public private partnerships are a way to get exciting work done.

Ms. Wheeler addressed the docking options in response to the Directors.

The Directors expressed their appreciation of Blue & Gold and hoped to create more opportunities for more competition and involvement from others.

Director Dew made a motion to adopt Resolution No. 2023-42 approving this item.

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

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

8. <u>AWARD OF A CONTRACT TO BAY SHIP & YACHT CO. FOR THE BAY BREEZE ENGINE REBUILD AND REPLACE WORK</u>

Engineering and Maintenance Administrator Jeffery Powell presented this item recommending award of a contract to Bay Ship & Yacht Co. (Bay Ship & Yacht) in the amount of $142,000 for *Bay Breeze* Engine Rebuild and Replace (R&R) Work.

Vice Chair Moyer made a motion to adopt Resolution 2023-43 approving this item.

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

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

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

9. AUTHORIZE RELEASE OF REQUEST FOR PROPOSALS FOR WEBSITE REDESIGN PROJECT

Digital Communications Specialist Alexis Matsui presented this item requesting authorizing a release of a Request for Proposals (RFP) for the Website Redesign Project. She shared her presentation that included the areas for potential improvement, the goals for the redesign, and the timeline for the project.

Mr. Hall said that he had reached out to other transit agencies who were redesigning their websites. He indicated that WETA was not committed to spending $500,000 and hoped that the bids would come in much lower in response to Chair Wunderman.

Mr. Hall said it was worth having a broader conversation with the Board and stakeholders about the branding for the agency and the service. Mr. Murphy thought that the branding objectives could be accomplished without changing the WETA name or the statute.

The Directors asked for trip planning tools, transit connections and services, and information on where to purchase tickets.

Vice Chair Moyer commented that the New York Metro website was the gold standard in transportation websites and anything that gets WETA closer to that would be great.

Director Dew made a motion approving this item.

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

Vice Chair Moyer seconded the motion, and the item passed unanimously.

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

10. FISCAL YEAR 2024 MARKETING CAMPAIGN

Mr. Hall introduced this informational item on the focus and strategic objectives of the fiscal year 2024 marketing campaign. He turned it over to MacKenzie Communications Vice President Sarah Egerman who shared her presentation on the integrated marketing approach leveraging a balanced mix of advertising, events, content marketing, and PR tactics. She shared the theme of the marketing campaign, “Now Departing from the Ordinary”.

Mr. Hall closed the presentation with the budget and timing of the campaign.

Mr. Hall said that the community outreach program is being led by Next Steps Marketing and that outreach to the Asian Pacific Island communities has been through participation in community events. In response to Director DelBono's question regarding images of riders, Mr. Hall said that the ad mock-ups were using pre-existing imagery and that WETA will be getting additional images in the future that reflect the diversity of WETA's ridership.

Chair Wunderman thanked the team for the presentation.

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

11. PROPOSED VESSEL NAMING PRINCIPLES

Mr. Hall presented this informational item on the proposed vessel naming principles. He said that staff was seeking Board and public input on the principles for developing a vessel naming policy.

The Directors expressed an interest in deciding on the final names and participating in engaging local youth.

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

12. <u>PUBLIC COMMENTS FOR NON-AGENDA ITEMS</u>
No further public comments were shared.

With all business concluded, Chair Wunderman adjourned the meeting at 3:38 p.m.

- Board Secretary
END

AGENDA ITEM 6b
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Melanie Jann, Board Secretary/Administration & Business Services Manager

SUBJECT: Approve Board of Directors Meeting Schedule for Calendar Year 2024

Recommendation
Approve WETA Board of Directors meeting schedule for Calendar Year 2024.

Discussion
The WETA Board of Directors has traditionally met on the first or second Thursday of the month with exceptions made to address holidays, business conflicts, or occasional travel meetings. Meetings have been conducted in person and virtually to promote stakeholder participation and engagement.

Based upon a review of the 2024 calendar, staff proposes to establish the following meeting calendar:

DATE:	TIME:	LOCATION/ADDRESS:
Thursday, January 11	1:00 p.m.	Port of San Francisco
Thursday, February 8	1:00 p.m.	TBD
Thursday, March 14	1:00 p.m.	Port of San Francisco
Thursday, April 11	1:00 p.m.	Port of San Francisco
Thursday, May 9	1:00 p.m.	Port of San Francisco
Thursday, June 13	1:00 p.m.	Port of San Francisco
Thursday, July 11	1:00 p.m.	Port of San Francisco
Thursday, August 8	1:00 p.m.	Port of San Francisco
Thursday, September 12	1:00 p.m.	Port of San Francisco
Thursday, October 10	1:00 p.m.	Port of San Francisco
Thursday, November 14	1:00 p.m.	Port of San Francisco
Thursday, December 12	1:00 p.m.	Port of San Francisco

This schedule may be amended during the year to adjust the time, meeting place, or number of meetings held in response to WETA's business needs and at the direction of the Board Chair.

Consistent with prior year practices and Board interest, staff would work with the Board and/or the Board Chair to identify and coordinate opportunities for travel or special meetings that provide the best opportunity for diverse public engagement considering meeting content and Board member availability.

Fiscal Impact
There is no fiscal impact associated with setting the Board meeting calendar.

END

AGENDA ITEM 6c
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

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

SUBJECT: Authorize Release of an Invitation for Bids for the North Bay Operations Office Renovation

Recommendation
Authorize release of an Invitation for Bids (IFB) for the North Bay Operations Office Renovation.

Background
The Operations Team works routinely out of a portion of the North Bay Operating Maintenance Facility on Mare Island. On average, there are four people working out of one shared common space in the facility. This shared common space is approximately 15' x 20' with no dividers nor sound absorption devices. In addition to the one common space, there is a controlled access liquor storage and one open space where a walk in refrigerator used to be located. The overall space in consideration is approximately 15' x 50'. There is a need for a more productive working environment at the North Bay Operations & Maintenance Facility.

Discussion
WETA has engaged an architect and engineering firm to draft plans to renovate these spaces. The plans currently include five new office spaces as well as two open office spaces. The plans have provisions to include facility upgrades to comply with new ADA regulations. This will allow WETA to make better use of the described spaces and allow a more ergonomic working environment. WETA would like to release an IFB for the renovation of the North Bay Operations Office space, to be awarded to the lowest responsible and responsive bidder through a sealed bid process in accordance with WETA's Administrative Code.

Fiscal Impact
There is no fiscal impact associated with this item. The release of an IFB does not commit the agency to make an award, which will be the matter of subsequent Board action.

END

AGENDA ITEM 6d
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

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

SUBJECT: Approve Sole Source Contract Award to HamiltonJet Inc. for a Spare Series 810 Waterjet

Recommendation

1. Approve the award of a sole source contract to HamiltonJet Inc. (HJI) for an amount not to exceed $392,490 for a spare Series 810 Waterjet; and
2. Authorize the Executive Director to negotiate and execute an agreement with HJI and take any other required actions to support this work.

Background/Discussion

The number of vessels in WETA's fleet that utilize Series 810 Waterjets is increasing and includes the Dorado and Pyxis class vessels. There is a need for an additional spare jet in WETA's inventory to maintain an efficient state of readiness for the fleet. The Series 810 Waterjet has an extremely long lead time of approximately 6-9 months. By procuring and inventorying this waterjet WETA will reduce the potential out of service time on vessels from months to days. This allows us to better maintain a state of readiness regarding vessels utilizing Series 810 Waterjets.

When new parts must be ordered immediately to address maintenance needs, WETA pays additional costs, sometimes amounting to double the normal cost, due to a lack of inventory requiring emergency production runs in addition to expedited shipping costs. By purchasing a spare Series 810 Waterjet we expect to avoid these additional costs.

Sole Source Discussion

There is a sole source justification to award a contract to HJI as the Series 810 Waterjet is their proprietary jet that was originally and is currently installed on several of our vessels, including Dorado and Pyxis class vessels, and the Series 810 Waterjet can only be purchased from HJI.

Staff analyzed HJI's price proposal and find it to be fair and reasonable. HJI's pricing is within 5% of WETA's independent cost estimate; and the price is in alignment with similar equipment provided to other fast ferry operators.

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

Fiscal Impact

Funding for this agreement is included in the FY 23/24 Capital Budget in the amount of $392,490. This is funded 100 percent by State Transit Assistance State of Good Repair (STA-SGR) funds.

END

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2023-44

**APPROVE SOLE SOURCE CONTRACT AWARD TO HAMILTONJET INC.
FOR A SPARE SERIES 810 WATERJET**

WHEREAS, the number of vessels in WETA's fleet that utilize Series 810 Waterjets is increasing and includes the Dorado and Pyxis class vessels; and

WHEREAS, there is a need for an additional spare jet in WETA's inventory to maintain an efficient state of readiness for the fleet; and

WHEREAS, the Series 810 Waterjet has an extremely long lead time of approximately 6-9 months and ordering parts on an expedited basis often results in significant additional costs; and

WHEREAS, WETA has determined that procuring a spare Series 810 Waterjet will reduce the potential out of service time on vessels from months to days, allowing WETA to better maintain a state of readiness for the fleet, and will result in cost savings; and

WHEREAS, WETA has determined HamiltonJet Inc. (HJI) is the only firm able to provide their proprietary Series 810 Waterjet; and

WHEREAS, WETA has determined that a sole source contract award to HJI to acquire a spare Series 810 Waterjet meets the requirements for a sole source procurement as set forth in WETA's Administrative Code; and

WHEREAS, WETA has concluded that HJI's price is fair and reasonable; now, therefore, be it

RESOLVED, that the Board of Directors hereby approves awarding a contract to HamiltonJet Inc. for a spare Series 810 Waterjet an amount not to exceed $392,490; and be it further

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

CERTIFICATION

The undersigned, Board Secretary, does hereby certify that the foregoing is a full, true and correct copy of a resolution duly and regularly adopted at a meeting of the San Francisco Bay Area Water Emergency Transportation Authority held on December 7, 2023.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2023-44
END

AGENDA ITEM 7
MEETING: December 7, 2023

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, 2023**

Recommendation

Receive WETA's Annual Financial Reports for the fiscal year ending June 30, 2023, 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. Measure B Fund Financial Statements
D. 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. Maze's work preparing these statements this year included a two-phased review: an on-site review in early summer, and a final review and statement preparation in the fall.. Maze reviewed staff-prepared financial summaries, supporting documentation, pension and other actuarial reports, bank reconciliations and other financial documents that control how WETA transactions are handled. Numerous hours are spent to ensure that the statements are an accurate and fair representation of WETA's financial position following Government Accountability Standards Board guidance for the elements contained within the reports.

Discussion

The reports for the fiscal year ending June 30, 2023, 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 information regarding the auditor's responsibilities under generally accepted auditing standards, describes new requirements implemented during this year's work, provides an overview of the scope of the audit, and any concerns that arose during their audit work. In accordance with *Government Auditing Standards*, 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 (page 1, Memorandum of Internal Control, Attachment A). Maze also reports that there were no disagreements with management on financial accounting, reporting, or auditing that arose during the course of the audit (page 2, Required Communication, Attachment A).

<u>Basic Financial Statements</u>
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, 2023. As a reminder, these statements include adjustments that are not cash transactions but reflect GASB guidance on how to present financial information such as actuarially determined pension expense related to current employees or depreciation expense related to WETA capital assets. The Independent Auditor's Report (pages 5 and 61 of the attachment) provides their 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, 2023, 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 information is provided in the Management Discussion and Analysis (MDA) 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 exceed liabilities – was $473 million at June 30, 2023, virtually unchanged from June 30, 2022.

The report also reflects the positive change in operating revenues (primarily fare revenue) from the prior year, from $8.2 million to $10.9 million due to the continuing return of ridership to the ferry after significant pandemic impacts. It also shows the continued importance of operating support from sources other than fares, which increased over the year from $41.2 million to $44.6 million, consisting of RM2 ongoing support and federal COVID operating relief.

Operating expenses in the MDA are shown to be $55.6 million, an increase of $6.1 million over the prior year. This excludes depreciation and other financial statement-required adjustments to provide the public a view of expense comparable to annual revenue available for operations. As discussed during budget presentations, most of these cost increases were due to increases in fuel costs and contracted labor rates. The Statement of Activities on page 13, however, shows operating expenses which include non-cash adjustments such as depreciation and pension liabilities resulting in an expense of $75.3 million, an increase of $9.7 million over the prior year. Included in this increase are changes in pension liabilities. Capital expenses for the year were $16.5 million, an amount that is added to WETA's capital assets which total $443 million (net of depreciation).

The statements include significant information reflecting pension expense and liabilities for WETA's participation in the CalPERS retirement system. It also includes recent financial steps to identify and fund its future retiree benefits related to WETA's longevity plan and retiree health. Each are detailed in Notes 9 (Pension Plan) and 10 (Post Employment Health Care Benefit). There are three trust funds set up for the purpose of funding these "other pension liabilities" (known colloquially as OPEB costs). One trust fund is held at CalPERS for WETA's liability for monthly retiree health costs. Two other trust funds, created in Fiscal Year 2020/21, address longevity plan-related liabilities. Staff is actively reviewing investment performance (which improved in the last year) and providing required contributions to each plan to ensure that these retiree costs are planned for well in advance.

<u>Measure B and Measure BB Fund Financial Statements</u>
The Measure B and Measure BB Fund Financial Statements, provided as ***Attachment C*** and ***Attachment D,*** respectively, are required in relation to the receipt of Alameda County Measures B and BB funds in FY 2023. 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 $380,492 in Measure B funding and $387,609 from Measure BB. These amounts continue to be relatively low due to the slowdown in capital activity on vessel projects following pandemic impacts. The statements conclude with an Auditors opinion that WETA complied with the laws and regulations, contracts, and grant requirements related to Measure B and Measure BB funds for the year ended June 30, 2023.

Finally, the Board may recall that WETA's annual statements include a federal Single Audit, which presents statements for federal spending separately. This statement will be presented at a subsequent meeting due to analysis not being completed in time for this Board meeting.

Vikki Rodriguez, partner at Maze & Associates, will be in attendance (virtually) 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.

Attachment A – Memorandum on Internal Control and Required Communications
Attachment B – Basic Financial Statements
Attachment C – Measure B Fund Statement
Attachment D – Measure BB Fund Statement

END

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, 2023, 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.

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

Maze & Associates

Pleasant Hill, California
November 22, 2023

Accountancy Corporation
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SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS

FOR THE YEAR ENDED
JUNE 30, 2023

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED COMMUNICATIONS

For The Year Ended June 30, 2023

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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, 2023. Professional standards require that we provide you with information about our responsibilities under generally accepted auditing standards, *Government Auditing Standards* and Uniform Guidance, as well as certain information related to the planned scope and timing of our audit. We have communicated such information in our engagement letter dated June 1, 2023. Professional standards also require that we communicate to you the following information related to our audit.

Significant Audit Matters

Qualitative Aspects of Accounting Practices

Accounting Policies – Management is responsible for the selection and use of appropriate accounting policies. The significant accounting policies used by the San Francisco Bay Area Water Emergency Transportation Authority (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, except as follows:

GASB 96 – *Subscription Based Information Technology Arrangements*

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

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

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

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

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

The pronouncement became effective but did not have a material effect on the financial statements, as the Authority does not have any SBITAs that exceed management's threshold for recording.

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 estimate(s) affecting the Authority's financial statements (were):

Estimated Fair Value of Investments: As of June 30, 2023, the Authority held approximately $17.4 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, 2023. These fair values are not required to be adjusted for changes in general market conditions occurring subsequent to June 30, 2023.

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. We did not propose any audit adjustments that, in our judgment, could have a significant effect, either individually or in the aggregate, on the Authority's financial reporting process.

Professional standards require us to accumulate all known and likely uncorrected misstatements identified during the audit, other than those that are clearly trivial, and communicate them to the appropriate level of management. We have no such misstatements to report to the Governing 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, 2023.

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's auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

<u>Other Matters</u>

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

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This information is intended solely for the use of the Governing Board 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, 2023

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SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

BASIC FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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**SAN FRANCISCO BAY AREA WATER
EMERGENCY TRANSPORTATION AUTHORITY
BASIC FINANCIAL STATEMENTS
For the Year Ended June 30, 2023**

Table of Contents

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MAZE & ASSOCIATES

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Report on the Financial Statements

Opinion

We have audited the accompanying financial statement of the business-type activities of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise the Authority's basic financial statements as listed in the Table of Contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Authority as of June 30, 2023, 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.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Change in Accounting Principles

Management adopted the provisions of the following Governmental Accounting Standards Board Statement, which became effective during the year ended June 30, 2023, but did not have a material effect on the financial statements as discussed in Note 2G and 6 to the financial statements:

Statement No. 96 – *SBITAS*

The emphasis of this matters does not constitute a modification to our opinions.

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 is the responsibility of management and 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, 2023, 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 solely 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, 2023

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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, 2023. 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 OPERATIONS

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 2.1 million passengers annually utilizing a fleet of 16 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 $473 million on June 30, 2023, a less than 0.17% decrease from June 30, 2022.

The chart below summarizes the Authority's net position as of June 30, 2023 and compares assets and liability categories to the prior year. A discussion of some of the most significant balances follows the chart.

Change in Net Position
(in thousands)

	2023	2022
Assets:		
Current and other assets	$43,963	$42,242
Capital assets	443,235	443,248
Total assets	$487,198	$485,490
Deferred Outflows of Resources:	$1,622	$1,797
Liabilities:		
Current liabilities	$8,451	$8,874
Unearned/deferred revenue	4,621	4,637
Other noncurrent liabilities	1,612	204
Total liabilities	$14,684	$13,715
Deferred Inflows of Resources:	$974	($381)
Net Position:		
Net investment in capital assets	$443,235	$443,248
Restricted	13,995	11,857
Unrestricted	15,933	18,848
Total net position	$473,162	$473,953

The Authority's assets and deferred outflows totaled $488.8 million on June 30, 2023, consisting of $44 million in current assets such as cash and receivables, $443.2 million in capital assets, and $1.6 million in pension and other post-employment benefits (OPEB)-related deferred outflows.

These net assets were essentially unchanged year over year. Year-end changes in Deferred Outflows and Inflows of Resources are related to investment gains in funds set up to pay longevity stipends and other pension liabilities. Current liabilities decreased due to timing of year end pending invoices on June 30th. These liabilities are generally resolved in the weeks following the close of the fiscal year.

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 Agency. Minor changes in capital assets are the result of the combination of depreciation (which decreases values) and additional assets due to completion of capital projects during the year (which increases value).

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 $2.1 million during the year. The remaining unrestricted net position, $15.9 million, are unencumbered and may be used to meet future obligations. The decrease in unrestricted funds is the result of a delay in receiving some grant reimbursements for capital projects.

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 2023 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, 2023, as compared to June 30, 2022:

Statement of Activities and Changes In Net Position

(in thousands)

	2023	2022	Favorable/ (Unfavorable) Change From 2022
Operating revenues	$10,918	$8,232	$2,686
Operating expenses	(58,738)	(47,392)	(11,346)
Loss before depreciation and other non-operating revenues and expenses	(47,820)	(39,160)	(8,660)
Depreciation	(16,547)	(18,241)	1,694
Operating loss	(64,367)	(57,401)	(6,966)
Other non-operating revenues and expenses, net	44,905	41,232	3,673
Loss before capital contribution	(19,462)	(16,168)	(3,293)
Capital contributions	18,671	15,797	2,874
Change in Net Position	(791)	(372)	(419)
Net Position, beginning	473,954	474,325	(372)
Net Position, ending	$473,162	$473,954	($791)

Revenues

A summary of revenues for the year ended June 30, 2023, and the amount of change in relation to prior year amounts (in thousands) is as follows:

	2023	2022	Increase/ (Decrease) From 2022
Operating Revenues:			
Alameda Harbor Bay Ferry Service	$757	$453	$304
Alameda / Oakland Ferry Service	2,867	2,430	437
Vallejo Ferry Service	5,032	4,048	983
South San Francisco Ferry Service	260	88	172
Richmond Ferry Service	909	605	304
Seaplane Lagoon	1,094	608	486
Total operating revenues	$10,918	$8,232	$2,686
Non-operating Revenues:			
Operating assistance	$44,648	$41,131	$3,517
Investment / Interest Income	257	102	155
Total non-operating revenues	$44,905	$41,232	$3,673
Capital contributions:	18,671	15,797	2,874
Total Revenues	$74,493	$65,261	$9,232

- Revenue generated from operations (farebox revenue) increased in 2023 by $2.7 million or 33% from the prior year as the Authority experienced continued return to ridership following dramatic pandemic reductions.

- Non-operating revenues (operating support) increased by $3.7 million or 9%. This increased reliance on Federal assistance was attributed to significant inflationary pressures driving up costs such as fuel and labor. As noted above, fare revenue also increased but not at the same pace, which necessitated the additional assistance to fully fund ferry operations.

- Capital grants and contributions from Federal, State, and Local governments increased by $2.9 million, or 18% attributed primarily to increased capital activities on ferry and terminal projects.

Expenses

The chart below shows a summary of expenses for the year ended June 30, 2023 by category related to the Bay Ferry service and management of that service. It also shows the change in relation to prior year amounts (in thousands). The chart excludes depreciation and other financial statement required adjustments in order to provide a table that is comparable to the revenue table.

	2023	2022	Increase/ (Decrease) From 2022
Operating Expenses:			
Alameda Harbor Bay Ferry Service	$4,462	$4,225	$237
Alameda / Oakland Ferry Service	12,130	10,602	1,527
Vallejo Ferry Service	18,961	17,769	1,192
South San Francisco Ferry Service	3,727	2,548	1,180
Richmond Ferry Service	8,109	7,250	859
Seaplane Lagoon Ferry Service	5,404	4,493	911
Demonstration Projects	196	-	196
Planning & Administration	2,567	2,550	17
Total Operating Expenses	**$ 55,556**	**$ 49,438**	**$ 6,118**

- Total operating expenses, before depreciation, increased by $6.1 million, or 12%, over the prior year as a result of increases in labor rates and other inflationary pressures. A minor increase in cost is related to testing activities around demonstration of a new hydrogen ferry vessel, the Sea Change.

CAPITAL INVESTMENT ACTIVITIES

During the year ending June 30, 2023, the Authority expended $16.5 million on capital activities. (See Note 4 for further information.) This included the following notable project expenses:

- Purchase/Construct Two Replacement Vessels – Bay Breeze and Solano ($7.2 million)
- Gemini Class Engine Conversions – ($2.6 million)
- Multiple Vessel Engine Rehabilitation Projects – ($2.1 million)
- Construction of Expansion Vessels ($1.5 million)
- Passenger Float Rehabilitation – South San Francisco Terminal ($1.3 million)
- Terminal Rehabilitation Alameda Main Street – ($1.3 million)

PROGRAM INITIATIVES AND OUTLOOK

The Authority's 2023 program year was a year of both challenge and promise. Challenges in the form of severe winter weather affecting all commuter transit for a significant number of months during a time of continued uncertainty around the pandemic impacts on San Francisco's economy. However, ferry ridership for the Authority continued to improve at the close of the Fiscal Year at a rate higher than most other systems. At the end of Fiscal Year 2022-23, ridership had increased 49% over the prior fiscal year, and reached over 1.8 million passengers. This progress led to the Authority's Board adopting on an ongoing basis a fare program developed during the pandemic that reduced overall by 20% in order to rebuild ridership on all six San Francisco Bay Ferry routes. That was coupled with ongoing service schedules that provided both existing and new riders the opportunity to try the ferry not just for commuting but for recreational uses. WETA continues to utilize federal COVID-19 operative support which is projected to be exhausted by the end of Fiscal Year 2024, however with the successful conclusion of a legal challenge to regional bridge toll increases, the Authority anticipates receiving new operating and capital support through the Regional Measure 3 (RM3 -- Bridge Tolls) program. The outlook for the coming year includes planning, administration, and capital development efforts that will focus on:

- **Operations Budget Planning:** While other transit agencies face significant near-term fiscal challenges, the Authority's access to newly released RM3—Bridge Toll operating support mean continued ability to provide robust ferry service to the Bay Area. RM3 operating support essentially replaces expiring federal funding which will be exhausted in FY 2024. In July of 2023, the Board of Directors adopted a Five-Year Operating Plan that plans for all operating and revenue sources in the coming years and illustrates the use of this new RM3 revenue source to support ferry operations.

- **Business Plan:** The Authority will advance work on a business plan that will set forth a service vision and expansion policy to guide development and operation of the Bay Ferry system over the next 30 years. This effort will be adapted in the coming year to account for the recent release of RM3 funding and preliminary discussions of preparing a near-term ballot measure to increase long-term transportation investment in the Bay Area. The effort will continue outreach to a broad range of stakeholders and interest groups to help define a future vision for the agency pursuant to the overall business plan focus areas adopted by the Authority's Board.

- **Demonstration Projects** – In response to newly emerging commute and ridership patterns, the Authority has begun efforts to increase short-term demonstration projects to test new technology and new service patterns to increase ridership and serve customers that have not previously chosen to ride the ferry. These include the new hydrogen vessel funded primarily by local and private donations, a short-hop service to Mission Bay in San Francisco, and a public-private partnership in Alameda to run a small vessel within the Oakland Estuary.

- **Zero Emission Fleet Development** – In addition to supporting the Authority's ongoing fleet construction and rehabilitation program, staff have begun to implement capital programs funded by State and Federal grants that will invest in five new electric vessels and related charging infrastructure. These efforts are bolstered by the release of $300 million in RM3 funding available for capital investments in the ferry system.

- **Passenger Experience** – Several customer experience improvements are being implemented in the coming year. The agency will launch text message and email real-time transit alerts in FY 2024 in addition to pursuing procurements for a website redesign and a new onboard information system. The agency will also develop its first market research report in several years while continuing its marketing and community outreach programs.

- **Emergency Response Program/Training** – The Authority will continue to focus on its mission to be a critical piece of the region's emergency response efforts. Authority and contractor staff participate in local, regional, and state emergency exercises, meetings and planning discussions and efforts to improve internal training exercises including in-person emergency simulations.

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, 2023

ASSETS	
Current Assets	
Cash and cash equivalents (Note 3)	$17,356,308
Receivables:	
Accounts	19,754,472
Interest	115,488
Security deposit	76,432
Inventory	93,215
Prepaid expenses	6,138,819
Total Current Assets	43,534,734
Noncurrent Assets	
Net OPEB Asset (Note 10)	428,313
Capital assets, net of accumulated depreciation (Note 4):	
Construction in progress	39,239,784
Depreciable capital assets, net	
Ferries	159,026,209
Terminal development rights	2,728,410
Floats, piers and gangways	8,065,050
Ferry terminal and facilities	233,924,573
Equipment and service vehicles	251,043
Total Capital Assets, net	443,235,069
Total Noncurrent Assets	443,663,382
Total Assets	487,198,116
DEFERRED OUTFLOWS OF RESOURCES	
Related to pensions (Note 9)	1,498,608
Related to OPEB (Note 10)	123,276
Total Deferred Outflows of Resources	1,621,884
LIABILITIES	
Current Liabilities	
Accounts payable	7,395,136
Other accrued liabilities	925,035
Unearned revenue - fares	17,285
Compensated absences (Note 2C)	113,307
Total Current Liabilities	8,450,763
Noncurrent Liabilities	
Compensated absences (Note 2C)	209,948
Collective net pension liability (Note 9)	1,401,559
Unearned revenue - State Appropriation (Note 5A)	1,091,873
Unearned revenue - Prop 1B (Note 5C)	10,691
Unearned revenue - STA-SGR (Note 5E)	795,398
Unearned revenue - Demonstration Projects	804,446
Unearned revenue - LCTOP (Note 5F)	1,919,087
Total Noncurrent Liabilities	6,233,002
Total Liabilities	14,683,765
DEFERRED INFLOWS OF RESOURCES	
Related to pensions (Note 9)	722,811
Related to OPEB (Note 10)	250,974
Total Deferred Inflows of Resources	973,785
NET POSITION (Note 8)	
Net investment in capital assets	443,235,069
Restricted	13,994,613
Unrestricted	15,932,768
Total Net Position	$473,162,450

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2023

OPERATING REVENUES	
Farebox revenue	$10,908,981
Other revenue	8,717
Total Operating Revenues	10,917,698
PROGRAM OPERATING EXPENSES	
Personnel costs	6,742,915
Administrative expenses	17,659,158
Legal and consulting	2,313,822
Purchased transportation	29,765,032
Insurance premiums	2,256,886
Depreciation (Note 4)	16,546,637
Total Program Operating Expenses	75,284,450
OPERATING LOSS	(64,366,752)
NON-OPERATING REVENUES (EXPENSE)	
Metropolitan Transportation Commission	14,994,242
State of California	42,000
Federal Transit Administration	25,433,835
Contra Costa Transportation Authority	3,709,053
Local operating assistance - other	195,554
Federal assistance - other	273,386
Interest/Investment earnings	256,941
Total Non-operating Revenues	44,905,011
CAPITAL GRANTS AND CONTRIBUTIONS	44,377,815
State of California	4,502,239
Federal Transit Administration	9,188,287
Alameda County Transportation Commission	2,104,157
City of Alameda	801,313
Metropolitan Transportation Commission	2,074,598
Total Capital Grants and Contributions	18,670,594
CHANGE IN NET POSITION	(791,147)
NET POSITION - BEGINNING	473,953,597
NET POSITION - ENDING	$473,162,450

See accompanying notes to financial statements

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2023

CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	$10,934,983
Payments to vendors and consultants	(53,143,159)
Payments to or on behalf of employees	(3,731,095)
Net cash flows from (used for) operating activities	(45,939,271)
CASH FLOWS FROM NONCAPITAL AND RELATED FINANCING ACTIVITIES	
Intergovernmental collections	35,844,310
Net cash flows from noncapital and related financing activities	35,844,310
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Grant receipts used for capital activities	18,655,306
Payments for capital assets	(16,533,226)
Net cash flows from (used for) capital and related financing activities	2,122,080
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest receipts	146,064
Net cash flows from (used for) investing activities	146,064
Net cash flows	(7,826,817)
Cash and cash equivalents- beginning of year	25,183,125
Cash and cash equivalents - end of year	$17,356,308
Reconciliation of operating loss to net cash flows from operating activities:	
Operating loss	($64,366,752)
Depreciation	16,546,637
Change in assets and liabilities:	
Prepaid expenses	(798,711)
Net OPEB asset	95,715
Accounts payable	(973,954)
Other accrued liabilities	528,689
Unearned fares	17,285
Compensated absences	10,292
Net Pension liability	1,471,567
Deferred outflows/inflows	1,529,961
Net cash flows used for operating activities	($45,939,271)

See accompanying notes to financial statements

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.

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, 2022	$312,963
Additions	208,792
Payments	(198,500)
Balance at June 30, 2023	323,255
Due within one year	113,307
Due in more than one year	$209,948

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.

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.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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. Lease

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.

The Authority's policy sets a lease amortization threshold based on 1% of the Authority's total annual assets for lease contracts to be recorded under the GASB 87. Any lease with a present value at inception less than 1% of the Authority's total annual assets will be deemed immaterial in relation to the financial statements as a whole and, thereby excluded from an amortization schedule.

As of June 30, 2023, the Authority does not have any leases that qualify above this threshold. See Note 6 for additional information.

G. Subscription-Based Information Technology Arrangements (SBITAS)

A Subscription-Based Information Technology Arrangement (SBITAS) is defined as a contract that conveys control of the right to use another party's information technology software, alone or in combination with tangible capital assets as specified in a contract for a period in an exchange or exchange-like transaction. The Authority recognizes SBITAs with a threshold based on 1% of the Authority's total annual assets for SBITAS to be recorded under the GASB 96.

As of June 30, 2023, the Authority does not have any SBITAS that qualify above this threshold.

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.

NOTE 3 – CASH AND INVESTMENTS (Continued)

Cash and investments comprised of the following at June 30, 2023:

Investment Type	Total
California Local Agency Investment Fund	$7,116,758
Held by Trustees:	
Money Market Mutual Fund	9,542,197
Total Investments	16,658,955
Cash in banks and on hand	697,353
Total Cash and investments	$17,356,308

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	Multiple	20%	10%
Bankers Acceptances	180 days	N/A	40%	30%
Commercial Paper - Pooled Funds	270 Days	Highest	40%	10%
Commercial Paper - Non-Pooled Funds	270 Days	Highest	25%	10%
Local Agency Investment Program Fund (LAIF)	N/A	N/A	No limit	No Limit
Local Agency Bonds	5 years	N/A	No Limit	No Limit
Placement Service Deposits	5 years	N/A	50%	No Limit
Placement Service Certificates of Deposit	5 years	N/A	50%	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
Public Bank Obligations	5 years	N/A	No Limit	No Limit

NOTE 3 – CASH AND INVESTMENTS (Continued)

C. Interest Rate Risk

Interest rate risk is the risk that changes in market interest rates may adversely affect the fair value of the Authority's investment. Generally, the longer the maturity of an investment, the greater is the sensitivity of its fair value to changes in market interest rates. As of year end, the weighted average maturity of the investments in the LAIF investment pool, and the money market mutual funds, is approximately 260 and 35 days, respectively.

D. Credit Risk

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

E. Custodial Credit Risk

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

F. Local Agency Investment Fund

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

NOTE 4 – CAPITAL ASSETS

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

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

NOTE 4 – CAPITAL ASSETS (Continued)

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

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

Capital assets activity was as follows for the year ended June 30, 2023:

	Balance as of June 30, 2022	Additions	Transfers/ Adjustments	Balance as of June 30, 2023
Capital assets not being depreciated:				
Construction in progress	$24,444,460	$16,533,226	($1,737,902)	$39,239,784
Total assets not being depreciated	24,444,460	16,533,226	(1,737,902)	39,239,784
Capital assets being depreciated:				
Ferries	246,487,358		933,080	247,420,438
Terminal development rights	3,660,000			3,660,000
Floats, piers and gangways	16,077,607			16,077,607
Ferry terminal and facilities	265,855,052		804,822	266,659,874
Equipment and service vehicles	1,631,777			1,631,777
Total assets being depreciated	533,711,794		1,737,902	535,449,696
Less accumulated depreciation for:				
Ferries	(77,970,254)	(10,423,975)		(88,394,229)
Terminal development rights	(865,045)	(66,545)		(931,590)
Floats, piers and gangways	(7,553,744)	(458,813)		(8,012,557)
Ferry terminal and facilities	(27,190,070)	(5,545,231)		(32,735,301)
Equipment and service vehicles	(1,328,661)	(52,073)		(1,380,734)
Total accumulated depreciation	(114,907,774)	(16,546,637)		(131,454,411)
Net capital assets being depreciated	418,804,020	(16,546,637)	1,737,902	403,995,285
Capital Assets, Net	$443,248,480	($13,411)		$443,235,069

NOTE 4 – CAPITAL ASSETS (Continued)

The Authority has various projects. Construction in progress as of June 30, 2023 includes the following projects:

Project Name	Balance as of June 30, 2023
New High-Speed Vessel	$11,196,355
Vessel Replacement - MV Solano	5,090,944
Replacement Vessel - MV Bay Breeze	6,561,302
Gemini Class Vessel Engine Conversion	5,702,454
Berkeley Environmental	2,071,086
Terminal Rehab - Eng & Design Main Street	1,779,132
Terminal Dredging - Vallejo	1,294,760
Multiple projects under $1Million (24 projects)	5,543,751
Total	$39,239,784

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, 2023, the appropriation has a balance as follows:

Original appropriation	$12,000,000
Net expenses as of June 30, 2023	(10,938,957)
Unearned appropriation as of beginning of period	1,061,043
Fiscal year 2023:	
Add: Interest income	30,830
Less: Expended	0
Unearned appropriation as of period end	$1,091,873

NOTE 5 – MAJOR FUNDING SOURCES

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, 2023, the Authority expended a total of $1,221,491 for ferry capital projects. Of the total 2022 receivable balance and 2023 expenditures, the Authority received $251,277 in cash prior to June 30 2023.

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 $12,371,923 to be used for operations in the fiscal year 2022-23. As of June 30, 2023, the Authority has expended total current allocated operating funds of $12,362,716. RM2 funding is also provided for Planning and Administration of ferry service and $2,425,867 was allocated and spent in the fiscal year 2022-23.

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, 2023, the Authority had expended total allocated funds of $1,173,008. Of the total 2022 receivable balance and 2023 expenditures, the Authority received $61,320 in cash prior to June 30, 2023.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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, 2023, the Authority had been awarded $245 million in Proposition 1B allocations. Unspent grant receipts are reported as unearned revenue in the accompanying financial statements.

A summary of the Authority's Proposition 1B projects for the fiscal year ended June 30, 2023 are as follows:

			Expended in Fiscal Year		Unearned
Project Name	Grant Allocations	Interest Applied	Prior years	2022-23	Revenue at June 30, 2023
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		(75,556,696)	($5,718)	$613,795
San Francisco Berthing Expansion	61,474,530	$544,340	(62,018,870)		
WETA Ferry Vessels	73,525,470		(73,185,434)	(1,543,459)	(1,203,424)
East Bay Ferry Terminals	16,000,000		(16,000,000)		
Total	$245,000,000	$544,340	($244,584,790)	($1,549,177)	(589,629)
Add interest earned in prior years					1,102,335
Add interest earned in current year					42,325
Less interest applied to projects					(544,340)
Unearned Revenues					$10,691

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

D. Measure B and Measure BB Programs

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

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

The Authority uses Measure B and Measure BB funds for the maintenance and operations of the Alameda ferry services. During the fiscal year ended June 30, 2023, the Measure B and Measure BB program activity was as follows:

	Measure B	Measure BB
Program Revenues:		
Direct Local Program Distribution Allocation	$105,452	$1,898,188
Interest Earned - Measure B/BB Distribution		100,517
Total Measure B/BB Revenues	105,452	1,998,705
Program Expenditures:		
Construction / Capital:		
Terminal Rehabilitation - Alameda Main Street	(380,492)	
Replacement Vessel - M/V Bay Breeze		(19,174)
Engines Conversion - Gemini Class Vessels		(367,498)
Central Bay Terminal Expansion		(937)
Total Direct Local Distribution Program Expenditures	(380,492)	(387,609)
Revenue Over Expenditures/ Excess Net Change in Fund Balance	(275,040)	1,611,096
Fund Balance:		
Beginning Fund Balance	2,607,182	2,674,002
Ending Fund Balance	$2,332,142	$4,285,098
Reserves:		
Restricted for Measure B and Measure BB programs and projects	$2,332,142	$4,285,098
Unspent Funds as of the End of the Year:	$2,332,142	$4,285,098

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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

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

During the fiscal year, the Authority received $308,100 in SGR funding and incurred $500,691 SGR expenditures. The Authority recorded a balance of unspent SGR proceeds and interest of $795,398 as of June 30, 2023. Total funding allocated to the Authority since inception, as of June 30, 2023, is $1,700,783.

Program Fund Balance - FY2021-22	$956,240
Program Revenues:	
Allocation Received - FY2022-23	308,100
Interest Earned	31,749
Total Program Revenues	339,849
Program Expenditures:	
Terminal Dredging - Vallejo	(300,000)
Vessel Replacement - M/V Bay Breeze	(200,691)
Total Program Expenditures	(500,691)
Ending Program Fund Balance	$795,398

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 $665,696 in LCTOP funding and incurred $0 LCTOP expenditures. Total funding allocated from the LCTOP program to the Authority is $2,488,431 as of June 30, 2023. The Authority recorded a balance of unspent LCTOP funding and interest of $1,919,087 as of June 30, 2023.

NOTE 5 – MAJOR FUNDING SOURCES (Continued)

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 Repair 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 2023, the Authority utilized $9,188,284 in federal funds for ferry service-related capital projects.

The American Rescue Plan Act of 2021 (ARP) 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. A second allocation was provided to agencies on a competitive basis based on need. In fiscal year 2023, the Authority utilized a total of $25,413,835 from this funding sources to support operating expenses during continued impact from the COVID-19 pandemic.

The Authority also receives smaller sums related to non-recurring program expenses that are detailed in its federal Single Audit report.

NOTE 6 – LEASE OBLIGATIONS

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, that expired on November 30, 2021. On August 26, 2021, the Authority and the Port of San Francisco entered into a new lease extending the original lease by 5 years at a reduced rate, and expires on November 30, 2026. The annual lease payment is $306,948, and each parcel is subject to a 3% annual adjustment with a minimum adjustment of $0.01 (1 cent).

NOTE 6 – LEASE OBLIGATIONS (Continued)

B. Lennar Mare Island, LLC

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

C. City of Alameda

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

D. City of Richmond

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

NOTE 7 – RISK MANAGEMENT

The Authority purchased the following insurance policy coverage for fiscal year 2023:

Type of Coverage	Limit	Deductible
General liability	$1,000,000 to 3,000,000	$2,500
Workers compensation	1,000,000	N/A
Public officials management & Employment practices liability	3,000,000	5,000 to 25,000
Crime Insurance	1,000,000	2,500
Type of Coverage (related to Ferry Services)		
Marine commercial liability, Terminal operators liability and Wharfingers liability	$1,000,000 to 3,000,000	$2,500
Property Insurance	193,725,290	50,000 to 250,000
Excess marine liability	24,000,000	N/A

There were no claims in excess of insured amounts during the past three years.

NOTE 8 – NET POSITION

Net Position

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

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

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

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

NOTE 9 – PENSION PLAN

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 Miscellaneous 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 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.

NOTE 9 – PENSION PLAN (Continued)

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/ Proportionate Share of Net Pension Liability	Deferred Inflows of Resources
CalPERS Plans:			
Miscellaneous	$1,037,217	$749,190	$722,811
Water Emergency Transportation Authority Plan	433,343	562,676	
Replacement Benefit Plan	28,048	89,693	
	$1,498,608	$1,401,559	$722,811

Each plan is discussed in detail below.

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.

NOTE 9 – PENSION PLAN (Continued)

The Plan's provisions and benefits in effect at June 30, 2023 are summarized as follows:

	Miscellaneous	
Hire date	Tier 1 - Prior to January 1, 2013	Tier 2 - On or after January 1, 2013
Benefit formula	2.5% @ 55	2% @ 62
Benefit vesting schedule	5 years service	5 years service
Benefit payments	monthly for life	monthly for life
Retirement age	50 - 55	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	12.21%	7.47%

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

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

For the year ended June 30, 2023, the contributions recognized as part of pension expense for each Plan were as follows:

	Miscellaneous
	Tier I & Tier II
Contributions - employer	$310,937
Contributions - employee (paid by employer)	219,511

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.

NOTE 9 – PENSION PLAN (Continued)

As of June 30, 2023, the Authority reported a net pension liability for its proportionate share of the net pension liability of the Plan as follows:

	Proportionate Share of Net Pension Liability
Miscellaneous	$749,190
Total Net Pension Liability (Asset)	$749,190

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, 2021, 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, 2021 rolled forward to June 30, 2022 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, 2021 and 2022 was as follows:

	Miscellaneous
Proportion - June 30, 2021	-0.0512%
Proportion - June 30, 2022	0.0160%
Change - Increase (Decrease)	0.067211%

For the year ended June 30, 2023, the Authority recognized a pension expense of $2,255,391. At June 30, 2023, 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	$310,937	
Differences between actual and expected experience	15,045	($10,077)
Changes in assumptions	76,770	
Net differences in actual contributions and proportionate contributions		(289,805)
Net differences between projected and actual earnings on pension plan investments	137,232	
Adjustments due to changes in proportion	497,233	(422,929)
Total	$1,037,217	($722,811)

NOTE 9 – PENSION PLAN (Continued)

Deferred outflows of $310,937 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, 2024. Other amounts reported as deferred inflows of resources related to pensions will be recognized as pension expense as follows:

Miscellaneous	
Year Ended June 30	Annual Amortization
2024	$81,941
2025	(12,981)
2026	(149,427)
2027	83,936
Total	$3,469

Actuarial Assumptions – For the measurement period ended June 30, 2022, the total pension liability was determined by rolling forward the June 30, 2021 total pension liability. The June 30, 2021 and June 30, 2022 total pension liability was based on the following actuarial methods and assumptions:

	Miscellaneous
Valuation Date	June 30, 2021
Measurement Date	June 30, 2022
Actuarial Cost Method	Entry-Age Normal Cost Method
Actuarial Assumptions:	
Discount Rate	6.90%
Inflation	2.30%
Salary Increases	Varies by Entry Age and Service
Mortality Rate Table (1)	Derived using CalPERS Membership Data for all Funds
Post Retirement Benefit Increase	The lesser of contract COLA or 2.30% until Purchasing Power Protection Allowance Floor on Purchasing Power applies, 2.30% thereafter

(1) The mortality table used was developed based on CalPERS-specific data. The probabilities of mortality are based on the 2021 CalPERS Experience Study for the period from 2001 to 2019. Pre-retirement and Post-retirement mortality rates include generational mortality improvement using 80% of Scale MP-2020 published by the Society of Actuaries. For more details on this table, please refer to the CalPERS Experience Study and Review of Actuarial Assumptions report from November 2021 that can be found on the CalPERS website.

NOTE 9 – PENSION PLAN (Continued)

All other actuarial assumptions used in the June 30, 2021 valuation were based on the results of a November 2021 actuarial experience study for the period 2001 to 2019, 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 6.90%. The projection of cash flows used to determine the discount rate for each Plan assumed that contributions from all plan members in the Public Employees Retirement Fund (PERF) will be made at the current member contribution rates and that contributions from employers will be made at statutorily required rates, actuarially determined. Based on those assumptions, the Plan's fiduciary net position was projected to be available to make all projected future benefit payments of current plan members. Therefore, the long-term expected rate of return on plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

In determining the long-term expected rate of return, CalPERS took into account both short-term and long-term market return expectations. Using historical returns of all the funds' asset classes, expected compound (geometric) returns were calculated over the next 20 years using a building-block approach. The expected rate of return was then adjusted to account for assumed administrative expenses of 10 basis points.

The expected real rate of return by asset class are as follows:

Asset Class (1)	Assumed Asset Allocation	Real Return 1,2
Global Equity-Cap Weighted	30.0%	4.54%
Global Equity-Non-Cap Weighted	12.0%	3.84%
Private Equity	13.0%	7.28%
Treasury	5.0%	0.27%
Mortgage-backed Securities	5.0%	0.50%
Investment Grade Corporates	10.0%	1.56%
High Yield	5.0%	2.27%
Emerging Market Debt	5.0%	2.48%
Private Debt	5.0%	3.57%
Real Assets	15.0%	3.21%
Leverage	-5.0%	-0.59%
Total	100%	

(1) An expected inflation of 2.30% used for this period.
(2) Figures are based on the 2021 Asset Liability Management study.

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:

	Miscellaneous
1% Decrease	5.90%
Net Pension Liability (Asset)	$2,263,242
Current Discount Rate	6.90%
Net Pension Liability (Asset)	$749,190
1% Increase	7.90%
Net Pension Liability (Asset)	($496,498)

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. Both Plans are single-employer covered plans administered by the Authority.

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, 2023:

Active plan members	5
Inactive employees or beneficiaries currently receiving benefit payments	3
Total	8

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, 2023:

Inactive employees or beneficiaries currently receiving benefit payments	1
Total	1

Actuarial Methods and Assumptions – The Authority's net pension liability was measured as of June 30, 2023 and the total Pension liability used to calculate the net pension liability was determined by an actuarial valuation dated June 30, 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, 2021
Measurement Date	June 30, 2023
Contribution Policy	Authority contributes full ADC
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Net Rate of Return	5.50%
Inflation	2.50%
Salary Increases	Aggregate - 2.75% annually CalPERS 1997-2015 Experience Study
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Participation at Retirement	PEMHCA - 100% Non-PEMHCA - 0%
Medical Trend	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	3.75%

NOTE 9 – PENSION PLAN (Continued)

	Replacement Benefit Plan
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Contribution Policy	Authority contributes full ADC
Actuarial Assumptions:	
Discount Rate	5.50%
Long-Term Net Rate of Return	5.50%
Inflation	2.50%
Termination	CalPERS 1997-2015 Experience Study
Mortality Improvement	Mortality projected fully generational with Scale MP-2020
Medical Trend	Non-Medicare - 6.5% for 2023, decreasing to an ultimate rate of 3.75% in 2076
PEMHCA Minimum Increases	3.75%

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%	4.56%
Fixed Income	50%	0.78%
REITs	3%	4.06%
Cash	2%	-0.50%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Net Rate of Return, Rounded		5.50%

NOTE 9 – PENSION PLAN (Continued)

Discount Rate – The discount rate used to measure the total Pension liability was 5.50%. 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.

Changes in Net Pension Liability

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022 (June 30, 2022 measurement date)	$2,262,189	$1,486,459	$775,730
Changes Recognized for the Measurement Period:			
Service cost	58,212		58,212
Interest	126,554		126,554
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		270,491	(270,491)
Net investment income		137,329	(137,329)
Benefit payments and refunds	(38,828)	(38,828)	-
Administrative expenses		(10,000)	10,000
Net Changes	145,938	358,992	(213,054)
Balance at June 30, 2023 (June 30, 2023 measurement date)	$2,408,127	$1,845,451	$562,676

NOTE 9 – PENSION PLAN (Continued)

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

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (c) = (a) - (b)
Balance at June 30, 2022 (June 30, 2022 measurement date)	$417,834	$291,798	$126,036
Changes Recognized for the Measurement Period:			
Service cost			-
Interest	22,605		22,605
Benefit changes			-
Difference between expected and actual experience			-
Changes of assumptions			-
Contributions from the employer		44,224	(44,224)
Net investment income		24,724	(24,724)
Benefit payments and refunds	(13,686)	(13,686)	-
Administrative expenses		(10,000)	10,000
Net Changes	8,919	45,262	(36,343)
Balance at June 30, 2023 (June 30, 2023 measurement date)	$426,753	$337,060	$89,693

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net Pension liability of the Authority for both Retirement Plan and Replacement Benefits Plan, respectively, as well as what the Authority's net Pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (4.50%) or 1-percentage-point higher (6.50%) than the current discount rate:

	Retirement Plan's Net Pension Liability		
	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
Net Pension Liability	$1,009,576	$562,676	$207,323

	Replacement Benefit Plan's Net Pension Liability		
	Discount Rate -1% (4.50%)	Current Discount Rate (5.50%)	Discount Rate +1% (6.50%)
Net Pension Liability	$158,324	$89,693	$34,436

NOTE 9 – PENSION PLAN (Continued)

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

For the year ended June 30, 2023, the Authority recognized Pension expense of $205,952 related to the Retirement Plan. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience	$236,422	
Changes in assumptions	57,420	
Net difference between projected and actual earnings on plan investments	139,501	
Total	$433,343	$0

For the year ended June 30, 2023, the Authority recognized Pension expense of $24,078 related to the Replacement Benefit Plan. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to Pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Net difference between projected and actual earnings on plan investments	$28,048	
Total	$28,048	$0

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 Ended June 30	Annual Amortization
2024	$103,160
2025	103,158
2026	122,158
2027	50,897
2028	53,970
Total	$433,343

Replacement Benefit Plan	
Measurement Period Ended June 30	Annual Amortization
2024	$8,557
2025	8,555
2026	12,464
2027	(1,528)
Total	$28,048

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, 2023, the Authority's contributions to the Plan were $18,574.

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Employees Covered by Benefit Terms – Membership in the plan consisted of the following at the measurement date of June 30, 2023:

Active plan members	18
Inactive employees or beneficiaries currently receiving benefit payments	4
Inactive employees entitled to but not yet receiving benefit payments	5
Total	27

B. *Net OPEB Asset*

Actuarial Methods and Assumptions – The Authority's net OPEB asset was measured as of June 30, 2023 and the total OPEB liability used to calculate the net OPEB asset was determined by an actuarial valuation dated June 30, 2021, based on the following actuarial methods and assumptions:

	Actuarial Assumptions
Valuation Date	June 30, 2021
Measurement Date	June 30, 2023
Actuarial Assumptions:	
Discount Rate	6.25%
Long-Term Net Rate of Return	6.25%
Inflation	2.50%
Mortality, Retirement, Disability, Termination	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2020
Medical Trend	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing

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:

NOTE 10 – POSTEMPLOYMENT HEALTH CARE BENEFITS (CONTINUED)

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return
Global Equity	49%	4.56%
Fixed Income	23%	1.56%
TIPS	5%	-0.08%
Commodities	3%	1.22%
REITs	20%	4.06%
Total	100%	
Assumed Long-Term Rate of Inflation		2.50%
Assumed Long-Term Net Rate of Return, Rounded		6.25%

Discount Rate – The discount rate used to measure the total OPEB liability was 6.25%. The projection of cash flows used to determine the discount rate assumed that Authority contributions will be made at rates equal to the actuarially determined contribution rates. Based on those assumptions, the OPEB plan's fiduciary net position was projected to be available to make all projected OPEB payments for current active and inactive employees and beneficiaries. Therefore, the long-term expected rate of return on OPEB plan investments was applied to all periods of projected benefit payments to determine the total OPEB liability.

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

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

	Increase (Decrease)		
	Total OPEB Liability (a)	**Plan Fiduciary Net Position (b)**	**Net OPEB Liability/(Asset) (c) = (a) - (b)**
Balance at June 30, 2022 (June 30, 2022 measurement date)	$759,286	$1,283,314	($524,028)
Changes Recognized for the Measurement Period:			
Service cost	140,304		140,304
Interest	55,647		55,647
Contributions from the employer		18,574	(18,574)
Net investment income		82,429	(82,429)
Benefit payments and refunds	(18,448)	(18,448)	
Administrative expenses		(767)	767
Net Changes	177,503	81,788	95,715
Balance at June 30, 2023 (June 30, 2023 measurement date)	$936,789	$1,365,102	($428,313)

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 $11,240.

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 (5.25%) or 1-percentage-point higher (7.25%) than the current discount rate:

	Plan's Net OPEB Liability/(Asset)		
	Discount Rate -1% (5.25%)	Current Discount Rate (6.25%)	Discount Rate +1% (7.25%)
Net OPEB Liability/(Asset)	($248,717)	($428,313)	($570,709)

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

	Plan's Net OPEB Liability/(Asset)		
	Decrease -1%	Current Healthcare Cost Trend Rates	Increase +1%
Net OPEB Liability/(Asset)	($617,407)	($428,313)	($175,193)

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

For the year ended June 30, 2023, the Authority recognized OPEB expense of $103,842. At June 30, 2023, the Authority reported deferred outflows and inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference between expected and actual experience		$247,102
Changes in assumptions	$23,919	3,872
Net difference between projected and actual earnings on plan investments	99,357	
Total	$123,276	$250,974

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
2024	($11,265)
2025	(11,810)
2026	27,398
2027	(32,278)
2028	(29,967)
Thereafter	(69,776)
Total	($127,698)

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, 2023, the Authority had made commitments for the following projects:

Purchase New Commuter Class High-Speed Vessel	$2,777,499
Purchase Replacement Vessel - MV Bay Breeze & MV Vallejo	24,227,535
Vessel Engine & Reduction Gear Overhaul Services	2,374,760
Gemini Engines Conversion	119,403
South San Francisco Float Refurbishment	15,162
Electric Vessel and Infrastructure	159,196
Alameda Main Street Project	7,197,041
Vallejo Terminal Reconfiguration	305,260
Total	$37,175,856

REQUIRED SUPPLEMENTARY INFORMATION

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SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2023
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	6/30/2021	6/30/2022
Plan's Proportion of the Net Pension Liability/(Asset)	0.010204%	0.016026%	0.011107%	0.007533%	-0.002877%	0.002546%	0.006478%	-0.015118%	0.016011%
Plan's Proportionate Share of the Net Pension Liability/(Asset)	$748,940	$439,655	$385,835	$296,963	($108,435)	$101,947	$273,245	($971,774)	$749,190
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	$2,113,621	$2,382,444
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%	-45.98%	31.45%
Plan's Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	81.15%	79.89%	75.87%	75.39%	77.69%	77.73%	81.14%	90.49%	76.68%

* 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, 2023

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,
a Cost-Sharing Multiple-Employer Defined Pension Plan
As of fiscal year ending June 30, 2023
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:	6/30/2013	6/30/2014	6/30/2015	6/30/2016
Methods and assumptions used to determine contribution rates:				
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 AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2010 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale AA.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2014 CalPERS Experience Study. The table includes 20 years of mortality improvements using the Society of Actuaries Scale BB.

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

San Francisco Water Emergency Transportation Authority's Miscellaneous Plan,

a Cost-Sharing Multiple-Employer Defined Pension Plan

As of fiscal year ending June 30, 2023

Last 10 Years*

SCHEDULE OF CONTRIBUTIONS

Fiscal Year Ended:	6/30/2019	6/30/2020	6/30/2021	6/30/2022	6/30/2023
Actuarially determined contribution	$202,432	$245,274	$254,421	$268,997	$310,937
Contributions in relation to the actuarially determined contributions	(202,432)	(245,274)	(254,421)	(268,997)	(310,937)
Contribution deficiency (excess)	$0	$0	$0	$0	$0
Covered payroll	$1,890,469	$2,184,929	$2,113,621	$2,382,444	$2,789,055
Contributions as a percentage of covered payroll	10.71%	11.23%	12.04%	11.29%	11.15%
Notes to Schedule					
Valuation date:	6/30/2017	6/30/2018	6/30/2019	6/30/2020	6/30/2021

Methods and assumptions used to determine contribution rates:

Actuarial cost method	Entry age	Entry age	Entry age	Entry age	Entry age
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	30 years	30 years	30 years	30 years	30 years
Asset valuation method	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market	5-year smoothed market
Inflation	2.50%	2.50%	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	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	7.15%, net of pension plan investment and administrative expenses, including inflation	7.15%, net of pension plan investment and administrative expenses, including inflation
Retirement age	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2	55 yrs. Misc., 62 yrs. Tier 2
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..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..	The probabilities of mortality are derived from CalPERS' Membership Data for all Funds based on CalPERS' specific data from a 2017 CalPERS Experience Study. The table includes 15 years of mortality improvements using the Society of Actuaries Scale 90% of scale MP 2016..

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *

Retirement Plan
Single Employer Plan

Measurement Date	June 30, 2021	June 30, 2022	June 30, 2023
Total Pension liability			
Service cost	$193,544	$93,700	$58,212
Interest	181,668	105,776	126,554
Benefit changes	-	-	-
Differences between expected and actual experience	-	332,922	-
Assumption changes	-	80,856	-
Benefit payments	(15,107)	(40,579)	(38,828)
Changes of benefit terms	-	-	-
Net change in total Pension liability	360,105	572,675	145,938
Total Pension liability - beginning	1,329,409	1,689,514	2,262,189
Total Pension liability - ending (a)	$1,689,514	$2,262,189	$2,408,127
Pension fiduciary net position			
Contributions - employer	$1,635,933	$0	$270,491
Contributions - employee	-	-	-
Net investment income	173,135	(250,700)	137,329
Benefit payments	(15,107)	(40,579)	(38,828)
Administrative expense	(6,223)	(10,000)	(10,000)
Other changes	-	-	-
Net change in plan fiduciary net position	1,787,738	(301,279)	358,992
Plan fiduciary net position - beginning	-	1,787,738	1,486,459
Plan fiduciary net position - ending (b)	$1,787,738	$1,486,459	$1,845,451
Plan net Pension liability (asset) - ending (a) - (b)	($98,224)	$775,730	$562,676
Plan fiduciary net position as a percentage of the total Pension liability	105.81%	65.71%	76.63%
Covered payroll	$1,209,976	$810,595	$1,146,072
Plan net Pension liability as a percentage of covered payroll	-8.10%	95.70%	49.10%

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *
Retirement - Single Employer Plan

Fiscal Year:	2020-2021	2021-2022	2022-2023
Actuarially determined contribution	$124,700	$100,839	$100,504
Contributions in relation to the actuarially determined contribution	1,635,933	-	270,491
Contribution deficiency (excess)	($1,511,233)	$100,839	($169,987)
Covered payroll	$1,209,976	$810,595	$1,146,072
Contributions as a percentage of covered payroll	135.20%	0.00%	23.60%

*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	June 30, 2019	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay	Level percentage of pay
Discount Rate	6.00%	6.00%	5.50%
General Inflation	2.75%	2.75%	2.50%
Mortality, Retirement, Termination & Disability	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2019	Scale MP-2019	Scale MP-2020

*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, 2023

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, 2023

Last Ten Fiscal Years *

Replacement Benefits Plan
Single Employer Plan

Measurement period	June 30, 2021	June 30, 2022	June 30, 2023
Total Pension liability			
Service cost	$33,022	$11,782	$0
Interest	39,018	21,721	22,605
Benefit changes	-	-	-
Differences between expected and actual experience	-	28,639	-
Assumption changes	-	12,513	-
Benefit payments	(6,473)	(14,110)	(13,686)
Changes of benefit terms	-	-	-
Net change in total Pension liability	65,567	60,545	8,919
Total Pension liability - beginning	291,722	357,289	417,834
Total Pension liability - ending (a)	$357,289	$417,834	$426,753
Pension fiduciary net position			
Contributions - employer	$327,270	$14,110	$44,224
Contributions - employee	-	-	-
Net investment income	36,420	(49,196)	24,724
Benefit payments	(6,473)	(14,110)	(13,686)
Administrative expense	(6,223)	(10,000)	(10,000)
Other changes	-	-	-
Net change in plan fiduciary net position	350,994	(59,196)	45,262
Plan fiduciary net position - beginning	-	350,994	291,798
Plan fiduciary net position - ending (b)	$350,994	$291,798	$337,060
Plan net Pension liability (asset) - ending (a) - (b)	$6,295	$126,036	$89,693
Plan fiduciary net position as a percentage of the total Pension liability	98.24%	69.84%	78.98%
Covered payroll	$162,225	$0	$0
Plan net Pension liability as a percentage of covered payroll	3.90%	N/A	N/A

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

Last Ten Fiscal Years *
Replacement Benefits Plan

Fiscal Year:	2021-2022	2022-2023
Actuarially determined contribution	$14,943	$15,079
Contributions in relation to the actuarially determined contribution	14,110	44,224
Contribution deficiency (excess)	$833	($29,145)
Covered payroll	$0	$0
Contributions as a percentage of covered payroll	N/A	N/A

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

Notes to Schedule:

Methods and assumptions used to determine contribution rates:

Valuation Date	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal
Amortization Method	Level percentage of pay	Level percentage of pay
Discount Rate	5.50%	5.50%
General Inflation	2.50%	2.50%
Mortality, Retirement, Termination & Disability	CalPERS 1997-2015 experience study	CalPERS 1997-2015 experience study
Mortality Improvement	Scale MP-2020	Scale MP-2020

*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, 2023

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, 2023

Last Ten Fiscal Years *

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

Measurement period	June 30, 2018	June 30, 2019	June 30, 2020	June 30, 2021	June 30, 2022	June 30, 2023
Total OPEB liability						
Service cost	$67,000	$69,097	$71,170	$222,993	$130,914	$140,304
Interest	44,000	49,653		96,368	64,597	55,647
Benefit changes			(318,925)			
Differences between expected and actual experience			(69,195)		(265,379)	
Assumption changes			29,188	(5,747)	10,493	
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)	(14,826)	(18,448)
Changes of benefit terms			57,170			
Net change in total OPEB liability	101,000	107,750	(238,511)	292,248	(74,201)	177,503
Total OPEB liability - beginning	571,000	672,000	779,750	541,239	833,487	759,286
Total OPEB liability - ending (a)	$672,000	$779,750	$541,239	$833,487	$759,286	$936,789
OPEB fiduciary net position						
Contributions - employer	$194,000	$88,000	$91,319	$180,327	$14,916	$18,574
Contributions - employee						
Net investment income	50,000	55,796	54,997	336,991	(198,327)	82,429
Benefit payments	(10,000)	(11,000)	(7,919)	(21,366)	(14,826)	(18,448)
Administrative expense		(1,335)	(229)	(1,220)	(810)	(767)
Other changes						
Net change in plan fiduciary net position	234,000	131,461	138,168	494,732	(199,047)	81,788
Plan fiduciary net position - beginning	484,000	718,000	849,461	987,629	1,482,361	1,283,314
Plan fiduciary net position - ending (b)	$718,000	$849,461	$987,629	$1,482,361	$1,283,314	$1,365,102
Plan net OPEB liability (asset) - ending (a) - (b)	($46,000)	($69,711)	($446,390)	($648,874)	($524,028)	($428,313)
Plan fiduciary net position as a percentage of the total OPEB liability	106.85%	108.94%	182.48%	177.85%	169.02%	145.72%
Covered payroll	$1,598,000	$1,746,000	$1,890,469	$2,185,976	$2,113,620	$2,281,712
Plan net OPEB liability as a percentage of covered	N/A	N/A	N/A	N/A	N/A	N/A

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

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY
REQUIRED SUPPLEMENTARY INFORMATION (Unaudited)
SCHEDULE OF CONTRIBUTIONS
For the Year Ended June 30, 2023

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

Fiscal Year:	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022	2022-2023
Actuarially determined contribution	$74,000	$83,354	$69,147	$85,500	$76,610	$78,784
Contributions in relation to the actuarially determined contribution	88,000	91,319	82,310	98,017	14,916	18,574
Contribution deficiency (excess)	($14,000)	($7,965)	($13,163)	($12,517)	$61,694	$60,210
Covered payroll	$1,746,000	$1,890,469	$2,185,976	$2,113,620	$2,281,712	$2,787,675
Contributions as a percentage of covered payroll	5.04%	4.83%	3.77%	4.64%	0.65%	0.67%

*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	June 30, 2021	June 30, 2021
Actuarial Cost Method	Entry Age Normal	Entry Age Normal	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	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	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%	6.75%	6.25%
General Inflation	2.75%	2.75%	2.75%	2.75%	2.50%	2.50%
Aggregate Payroll Increases	3.00%	3.00%	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	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years	-Non-Medicare - 6.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (None Kaiser) - 5.85% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years -Medicare (Kaiser) - 4.75% for 2022, decreasing to an ultimate rate of 3.75% in 2076 and later years
Mortality, Retirement, Termination & Disability	CalPERS 1997-2011 experience study	CalPERS 1997-2011 experience study	CalPERS 1997-2015 experience study	CalPERS 1997-2015 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	Scale MP-2020	Scale MP-2020

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

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

To 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 basic financial statements of the San Francisco Bay Area Water Emergency Transportation Authority (Authority), California, as of and for the year ended June 30, 2023, 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, 2023.

Report on 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 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 or significant deficiencies may exist that have not been identified.

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Report on 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 financial statements. Our procedures included the applicable audit procedures contained in §6666 and §6667 of Title 21 of California Code of Regulations and tests of compliance with the applicable provisions of the Transportation Development Act and the allocation instructions and resolutions of the Metropolitan Transportation Commission. 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, 2023 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 results 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.

This report is intended solely for the information and use of the management, Board of Directors, others within the Authority, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties; however, this restriction is not intended to limit the distribution of this report, which is a matter of public record.

Maze & Associates

Pleasant Hill, California
November 22, 2023

SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEASURE B FUND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE B FUND
Financial Statements
For the Year Ended June 30, 2023

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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 Audit of the Financial Statements

Opinions

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), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the Table of Contents.

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, 2023, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is substantial likelihood that, individually or in the aggregate, they would be expected to influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2023, 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, 2023, 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 solely 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, 2023

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

BALANCE SHEET
JUNE 30, 2023

	Mass Transit
ASSETS	
Cash and Investments	$3,821,841
Interest Receivable	13,153
Total Assets	$3,834,994
LIABILITIES	
Accounts Payable	$520,130
Accrued Liabilities	982,719
Total Liabilities	1,502,849
FUND BALANCE	
Restricted for Measure B Programs and Projects	2,332,145
Total Fund Balance	2,332,145
Total Liabilities and Fund Balance	$3,834,994

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, 2023

	Mass Transit
REVENUES:	
Interest	$105,455
Total Revenues	105,455
EXPENDITURES:	
Construction:	
Terminal Rehabilitation - Main Street Eng. & Design	380,492
Total Expenditures	380,492
NET CHANGE IN FUND BALANCE	(275,037)
FUND BALANCE:	
Beginning Fund Balance	2,607,182
Ending Fund Balance	$2,332,145

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES (Continued)

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

3. CASH AND INVESTMENTS

Cash and investments consisted of $3,821,841 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

Opinion on Compliance for Measure B Program

We have audited the San Francisco Bay Area Water Emergency Transportation Authority's (Authority) compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission (Funding Agreement) that could have a direct and material effect on the Alameda County Transportation Commission Measure B Program for the year ended June 30, 2023.

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 Measure B Program for the year ended June 30, 2023.

Basis for Opinion on the Measure B Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), and requirements specified in the Funding Agreement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Measure B Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Measure B Program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and requirements specified in the Funding Agreement will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the Measure B Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Funding Agreement, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the requirements referred to above, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 the Measure B 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 the Measure B 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 the Measure B 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Maze & Associates

Pleasant Hill, California
November 22, 2023

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SAN FRANCISCO
BAY AREA WATER EMERGENCY
TRANSPORTATION AUTHORITY

MEASURE BB FUND
FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2023

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SAN FRANCISCO BAY AREA
WATER EMERGENCY TRANSPORTATION AUTHORITY
MEASURE BB FUND
Financial Statements
For the Year Ended June 30, 2023

Table of Contents

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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 Audit of the Financial Statements

Opinions

We have audited the accompanying 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), California, as of and for the year ended June 30, 2023, and the related notes to the financial statements as listed in the Table of Contents.

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, 2023, and the change in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with the relevant ethical requirement relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management 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, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.

- Obtain an understanding of internal control relevant to the audit 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, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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, 2023, 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, 2023, 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 solely 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, 2023

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

BALANCE SHEET
JUNE 30, 2023

	Mass Transit
ASSETS	
Cash and Investments	$4,376,274
Measure BB Direct Distribution Program Receivable	336,587
Measure BB Direct Distribution Program Interest Receivable	15,061
Total Assets	$4,727,922
LIABILITIES	
Accounts Payable	$442,824
Total Liabilities	442,824
FUND BALANCE	
Restricted for Measure BB Programs and Projects	4,285,098
Total Fund Balance	4,285,098
Total Liabilities and Fund Balance	$4,727,922

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, 2023

	Mass Transit
REVENUES:	
Direct Local Distribution Funds Allocation	$1,898,188
Interest	100,517
Total Revenues	1,998,705
EXPENDITURES:	
Construction:	
Replacement Vessel - M/V Bay Breeze	19,174
Engines Conversion - Gemini Class Vessels	367,498
Central Bay Terminal Expansion	937
Total Expenditures	387,609
NET CHANGE IN FUND BALANCE	1,611,096
FUND BALANCE:	
Beginning Fund Balance	2,674,002
Ending Fund Balance	$4,285,098

See accompanying notes to financial statements.

1. DESCRIPTION OF REPORTING ENTITY

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING PRINCIPLES

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

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

> Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities.
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If the fair value of an asset or liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

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

3. CASH AND INVESTMENTS

Cash and investments consisted of $4,376,274 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 BB were as follows:

Replacement Vessel – M/V Bay Breeze
Engines Conversion – Gemini Class Vessels
Central Bay Terminal Expansion

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

Opinion on Compliance for Measure BB Program

We have audited the San Francisco Bay Area Water Emergency Transportation Authority's (Authority) compliance with the requirements of laws, regulations, contracts, and grants specified in the *Master Programs Funding Agreement* between the Authority and the Alameda County Transportation Commission (Funding Agreement) that could have a direct and material effect on the Alameda County Transportation Commission Measure BB Program for the year ended June 30, 2023.

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 Measure BB Program for the year ended June 30, 2023.

Basis for Opinion on the Measure BB Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (Government Auditing Standards), and requirements specified in the Funding Agreement. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the Authority and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for the Measure BB Program. Our audit does not provide a legal determination of the Authority's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the Measure BB Program.

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Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the Authority's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, Government Auditing Standards and requirements specified in the Funding Agreement will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the Authority's compliance with the requirements of the Measure BB Program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards* and the Funding Agreement, we

- exercise professional judgment and maintain professional skepticism throughout the audit.

- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the Authority's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.

- obtain an understanding of the Authority's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the requirements referred to above, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 the Measure BB 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 the Measure BB 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 the Measure BB 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

Maze & Associates

Pleasant Hill, California
November 22, 2023

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AGENDA ITEM 8
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

FROM: Seamus Murphy, Executive Director
Thomas Hall, Public Information & Marketing Manager

SUBJECT: Vessel Naming Policy

Recommendation
Approve the Vessel Naming Policy.

Background
WETA has built 12 passenger ferries since 2007. These vessels and four others inherited in the assumption of municipal services in 2012 (MV *Intintoli, Mare Island, Peralta*, and *Bay Breeze*) make up the San Francisco Bay Ferry fleet. All WETA's 12 newly built vessels and one more currently in construction have been named after constellations. In 2007, the first four WETA-built ferries were named after constellations that were also Western astrological signs (MVs *Gemini, Taurus, Pisces,* and *Scorpio*). For the *Hydrus, Pyxis,* and *Dorado* class, names have been issued with a preference toward maritime-related constellations. There are 88 recognized constellations, and few unused constellation names that are maritime-related. Naming decisions have historically been made at a staff level.

Shipyards under WETA contract have in the past requested vessel names during the construction process in order to properly assign certain components, such as radar equipment, which requires unique identifiers.

WETA currently has seven vessels in the planning stages: the third and fourth ferries in the *Dorado* class, three small battery electric ferries to serve San Francisco waterfront neighborhoods, and two large battery electric ferries to replace MV *Intintoli* and *Mare Island*. The second *Dorado* class vessel, MV *Delphinus*, was issued a name early in the construction process.

WETA has no Board-adopted vessel naming policy.

Discussion
In November 2023, staff presented vessel naming principles for Board and public feedback. The principles were:

- WETA should explore a vessel naming process that involves participation from school age children in the communities served by San Francisco Bay Ferry.
- Vessel names should not be political, religious, or obscene in nature.
- Vessel names should not refer to individual people, businesses, or organizations.
- Vessel names should be non-divisive and inoffensive in nature.
- Vessel names should reflect regional history, marine science, or other areas of interest relevant to the San Francisco Bay and its surrounding environs.
- In the event WETA purchases or leases a vessel for San Francisco Bay Ferry service that already operates under a name that does not otherwise violate WETA's vessel

naming policy, the vessel name should not be changed in accordance with maritime tradition.

Directors indicated interest in being involved in the process and having final approval over names. That feedback has been incorporated in the proposed policy provided as ***Attachment A***.

If the policy is approved, the outreach process for the third and fourth *Dorado* class vessels would begin upon delivery of MV *Delphinus*, expected in early 2024. The outreach process for the other vessel classes would begin upon shipyard contract award, expected in the first half of 2024.

Fiscal Impact
There is no fiscal impact for this action.

END

Attachment A

WETA VESSEL NAMING POLICY

December 7, 2023

The San Francisco Bay Area Water Emergency Transportation Authority (WETA) establishes this Vessel Naming Policy to guide naming new ferries added to the San Francisco Bay Ferry fleet.

The purpose of the Policy is to build positive awareness of water transit in the Bay, encourage public participation in the naming of WETA vessels, and select names that support and further WETA's mission.

Vessel names will not be explicitly or implicitly political, religious, or obscene.

Vessel names will not refer to individual people, businesses, or organizations.

Vessel names are not available as a part of corporate sponsorship agreements.

Vessel names will be non-divisive in nature.

Vessel names should reflect regional history, marine science, or other areas of interest relevant to the San Francisco Bay and its surrounding environs.

In the event WETA purchases or leases a vessel for San Francisco Bay Ferry use that already operates under a name that does not otherwise violate this policy, the vessel name will not be changed in accordance with maritime tradition.

Proposed Vessel names will be recommended to the WETA Board of Directors only after public participation in the naming process.

All names are subject to the approval of the WETA Board of Directors.

SAN FRANCISCO BAY AREA WATER EMERGENCY TRANSPORTATION AUTHORITY

RESOLUTION NO. 2023-45

APPROVE VESSEL NAMING POLICY

WHEREAS, WETA has multiple new vessels in various stages of planning and construction, yet has no Board-adopted policy for naming new vessels; and

WHEREAS, at its meeting on December 7, 2023, the WETA Board of Directors was presented with a proposed Vessel Naming Policy that describes the applicable principles for a new Vessel Naming Policy, as well as a process for naming vessels that maximizes public participation; and

WHEREAS, the Executive Director recommends that the Board adopt the Vessel Naming Policy attached to this Resolution; now, therefore, be it

RESOLVED, that the WETA Board of Directors adopts the Vessel Naming Policy attached to 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 7, 2023.

YEA:
NAY:
ABSTAIN:
ABSENT:

/s/ Board Secretary
2023-45
END

AGENDA ITEM 9
MEETING: December 7, 2023

MEMORANDUM

TO: Board Members

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

SUBJECT: Review and Provide Input on WETA's Draft 2024 Legislative Program

Recommendation
This is an informational item only. Staff is requesting Board member input on WETA's Draft 2024 Legislative Program.

Discussion
Staff has worked with our state and federal legislative representatives, Shaw Yoder Antwih Schmelzer & Lange (Shaw-Yoder) and FBB Federal Relations to develop a state, regional and federal legislative program for 2024, 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 construction and service expansion
    - Treasure Island Service Expansion
    - Berkeley Service Expansion
    - Redwood City Service Expansion

Issues covered by the 2024 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.

With the changing legislative landscape, WETA staff created the 2024 Legislative Program by updating the *strategies* under each *issue/background* section. These updates continue to be in line with the guiding principles and ensure that WETA's legislative strategies remain relevant and effective. Staff has included information about a new regional funding measure to support transit operations which is currently in the beginning stages of development and anticipated to be on the 2026 ballot.

WETA positions on issues not covered in the 2024 Legislative Program 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.

Staff is bringing this draft legislative program forward to the Board in December for review and input. Staff will incorporate the Board's input into the final program which will be brought to the Board for approval in January 2024.

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

END

DRAFT 2024 Regional, State, and Federal Legislative Program
San Francisco Bay Area Water Emergency Transit Authority

Introduction

The 2024 Legislative Program establishes the principles that will guide the San Francisco Bay Area Water Emergency Transportation Authority's (WETA) legislative advocacy efforts through the 2024 calendar year. Legislative and regulatory actions have the potential to significantly benefit 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 2024 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 2024 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 2024 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 2024 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 2024 Legislative Program.

Regional and State Legislative Program

Funding Opportunities

Issue / Background	*Strategy*
Regional Funding Measures In June 2018, 55% of Bay Area voters passed Regional Measure 3 (RM3), which increased bridge toll revenues to support transit and traffic relief improvements. RM3 included an expenditure plan that provided WETA with $300 million in capital funds and $35 million per year in operating subsidy. RM3 funding was not released until 2023 due to a lawsuit that upheld its distribution. While WETA now has access to RM3 funds, due to the loss of ridership and associated fare revenue from the multi-year COVID 19 pandemic and the rise of inflation, these funds have a shortened runway. Based on expansion plans in WETA's Bay Ferry 2050 study, RM3 funding will only last until 2034/2035. It is critical to start advancing plans to secure the next round of funding to support regional ferry service. MTC has started to collaborate with transit agencies and other stakeholders to develop to seek authorizing legislation for a regional transportation funding measure in 2026.	• Participate in the planning efforts for a regional funding measure to ensure that WETA programs and services are included. • Support planning for additional regional funding opportunities that maximize investment in WETA programs and services. •

Issue / Background	*Strategy*
State Transit Operations Funding While Congress stepped in within months of the onset of the COVID-19 pandemic to provide billions of dollars in COVID relief assistance, this assistance is running out and there will not be an appetite for additional aid in a divided Congress. Ridership, while on the upswing, is still below 2019 levels yet costs to run transit systems are subject to the same inflation pressures affecting the rest of the economy. Transit systems across California are facing multi-million-dollar shortfalls as they approach the day when their federal COVID relief funds run out. WETA will have fully expended COVID relief funds by the beginning of FY 25. Luckily, WETA will not be facing an immediate deficit since the lawsuit holding up Regional Measure 3 funds has been dismissed and WETA now has access to RM3 funds. However, other transit agencies across the Bay Area are facing immediate deficits. The State committed $5.1 billion in the 2023-2024 budget to provide bridge funding to transit agencies facing a deficit while the region prepares to put a transportation ballot measure forward to voters in 2026 or 2028 to provide long term operations funding. This funding will flow to regions and transit agencies over four years – from FY 2023-24 through FY 2026-27 – and require annual appropriations in the state budget. Until this funding is fully appropriated and a plan for a regional measure is developed, WETA will support the annual appropriation of committed funding and continue to support strategies to seek short-term state funding for transit operations.	• Work to ensure committed funding is included in the state budget and participate in state and regional efforts to award committed funds through the processes established in the 2023-24 budget. • In coordination with MTC, the California Transit Association, and other Bay Area transit agencies and advocacy groups, continue to advocate for additional short-term state funding to support transit operations to bridge the gap between the expenditure of federal COVID relief funds and the creation of new, permanent funding to support transit operations. • Continue to work with MTC and our transit agency partners to ensure that MTC's advocacy program includes long-term investment in transit operating funds for WETA's continued operating needs. • Participate in CalSTA's Transit Recovery Task Force and support the California Transit Association's efforts in the Task Force to explore and identify long-term funding options. • Build coalition of 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.

Issue / Background	*Strategy*
Enhancing Equity 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. In July of 2022 the WETA Board extended the PRP for an additional year, and in 2023 these lower fares were permanently adopted.	• Work with transit coalitions to identify and advance opportunities for new operating funding to enhance equity and expand access to transit dependent riders. • Advocate for the preservation and expansion of current programs that make transit more affordable and accessible to low-income riders.
SB 1 Gas Tax Funding 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 State Transit Assistance 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.	• 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. • Monitor efforts to study alternative funding mechanisms that would shift the state away from its reliance on fuel taxes to fund transit and transportation (e.g. VMT fees).
State Transit Assistance Funds 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 Fiscal Years 2020-21, 2021-22, and 2023-24 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. These relief measures will expire in FY 2025-26.	• Participate in CalSTA's Transit Recovery Task Force and support the California Transit Association's efforts in the Task Force to pursue TDA reform and the review of performance measures for transit. • 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.

Issue / Background	*Strategy*
Cap-and-Trade Revenues – Greenhouse Gas Reduction Fund 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 (LCTOP),the Transit and Intercity Rail Capital Program (TIRCP), and various new programs for zero-emission commercial harborcraft and ferries at the California Air Resources Board. TIRCP was created to fund capital improvements for transit agencies that significantly reduce emissions, vehicle miles traveled, and congestion. There have been five cycles of TIRCP funding, awarding $6.6 billion in funding throughout the state. WETA has been awarded three TIRCP grants, totaling $37.8 million to support the agency's efforts to transition to zero emissions.	• Monitor efforts to extend the Cap and Trade program beyond 2030 and any impacts the 2030 date will have on upcoming TIRCP cycles. • Work with the Administration to secure appropriation of cap-and-trade revenues to support WETA's capital needs, including the agency's 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. • Identify and develop a project related to the agency's efforts to transition to zero emissions and have it ready to submit for the next cycle of TIRCP funding and forthcoming funding opportunities at CARB. • Continue to work with our legislative advocates to secure additional funding in future TIRCP cycles.
Emergency Response Funding 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. A new State Assembly Select Committee was created to evaluate how transportation infrastructure and systems are prepared to respond in emergencies. The committee is chaired by Assemblymember Lori Wilson, and WETA has worked productively with her office to discuss how the agency can be helpful in guiding the work of the committee.	• 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. • Continue to work with Assm. Lori Wilson and her office to advance WETA's opportunities for emergency response funding and support the accomplishment of the two previous strategies.

Issue / Background	*Strategy*
Other funding opportunities 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.	• 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*
General 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.	• 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. • Work with the maritime community to increase the capacity and availability of local shipyard services.
California Air Resources Board's (CARB) Proposed Amendments to the Commercial Harbor Craft (CHC) Regulations CARB approved amendments to the Commercial Harbor Craft Regulations in March 2022. The regulations set standards to reduce toxic and criteria emissions to protect public health. The new regulations are effective January 1, 2023.	• Continue to work with CARB to ensure implementation of the 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, expand, and streamline funding opportunities to implement WETA's plan to comply with the CHC regulations.
Streamlining Environmental Clearance & Permitting Projects located in or adjacent to the bay require permits from up to fourteen different regulatory agencies. Many of these agencies do not review permits concurrently which can add up to two years to the project timeline. The complexity of the permitting process creates time delays in the development of ferry projects. A modernized process would minimalize unnecessary delays.	• Explore opportunities to modernize the permitting process, without compromising the effectiveness of the review as an environmental protection policy.

Issue / Background	*Strategy*
Bridge Toll Revenue Requirements 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.	• Advocate for relaxed farebox recovery requirements tied to the use of regional bridge toll revenues. • 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.
Regional Transit Integration and Transformation Action Plan 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.	• 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.
State Sales and Use Tax Exemption for the Purchase of Zero Emission Public Transportation Ferry Vessels WETA proposed legislation in 2023 that would amend Section 6377 of the Revenue and Taxation Code to exempt any zero-emission public transportation ferry technology sold to a city, county, city and county, transportation or transit district, or other public agency that provides transit services to the public, from state sales and use taxes on the technology's sale, storage, use, or other consumption. Due to the state's financial position and the loss of tax revenue, this bill was unsuccessful in 2023. Staff is working to reintroduce this bill in 2024. The adoption of this bill would affect the replacement and conversion of half of WETA's fleet, exempting and saving WETA close to $15 Million in state sales and use tax.	• Sponsor the legislation to exempt ferry procurements from state sales tax. • Petition transit allies that would benefit from this legislation to support and advocate for the State legislature to adopt the proposed legislation. • Lobby and work with the appropriate legislative bodies that can provide the best guidance and support for passing and enacting the proposed tax code amendment.

Federal Legislative Program

Funding Opportunities and Challenges

Issue / Background	*Strategy*
Increase Funding for the Federal Highway Administration (FHWA) Construction of Ferry Boats and Ferry Terminal Facilities Formula Program (FBP) FHWA distributes funding to eligible public ferry systems based on a formula that accounts for the number of passengers and vehicles carried by each ferry system and the total route nautical miles serviced by each system. The Infrastructure Investment and Jobs Act (IIJA) increased funding for the FHWA formula program from $80,000,000 per year to: $110,000,000 for FY 22; $112,000,000 for FY 23; $114,000,000 for FY 24; $116,000,000 for FY 25; and $118,000,000 for FY 26. After the passage of the IIJA, Congressman John Garamendi (D-CA) and Senator Patty Murray (D-WA) introduced the Ferry Service Expansion Act, which WETA helped to develop, and which would increase funding for the FHWA program to $160,000,000 per year. We are working with the bill sponsors to have the legislation re-introduced in the current Congress.	• Work with Public Ferry Coalition members, organized labor, and other WETA advocates to encourage members of the House and Senate to co-sponsor the Ferry Service Expansion Act. • Engage directly with Congressional leadership and relevant Congressional committees. • Coordinate outreach to Congressional leadership and relevant Congressional 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 outside the Ferry Service Expansion Act.

Issue / Background	*Strategy*
Seek Funding Excluded from the Infrastructure Investment and Jobs Act (IIJA) The Infrastructure Investment and Jobs Act (IIJA) was supposed to include an additional $1.25 billion for passenger ferry grants but the funding was omitted due to a drafting error. WETA's Congressional champions continue to seek opportunities to include this funding in other legislation (including the annual appropriations bill), although the more time that passes, the more difficult this will be. After the passage of the IIJA, Congressman John Garamendi (D-CA) and Senator Patty Murray (D-WA) introduced the Ferry Service Expansion Act, which WETA helped to develop, and which would provide $1.25 billion for passenger ferry grants. We are working with the bill sponsors to have the legislation re-introduced in the current Congress.	• Work with Public Ferry Coalition members, organized labor, and other WETA advocates to encourage members of the House and Senate to co-sponsor the Ferry Service Expansion Act. • Engage directly with Congressional leadership and relevant Congressional committees. • Coordinate outreach to Congressional leadership and relevant Congressional 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 this funding outside the Ferry Service Expansion Act.
Increase Funding for the Federal Transit Administration (FTA) 5307(h) Passenger Ferry Grant Program and Build Support for WETA Grant Applications. The FTA 5307(h) ferry grant program provides competitive funding for passenger ferry projects. Program funding was unfortunately not increased as part of the Infrastructure Investment and Jobs Act (IIJA), and annual funding remains at $30,000,000. After the passage of the IIJA, Congressman John Garamendi (D-CA) and Senator Patty Murray (D-WA) introduced the Ferry Service Expansion Act, which WETA helped to develop, and which would increase funding for the FTA ferry grant program to $90,000,000 per year. We are working with the bill sponsors to have the legislation re-introduced in the current Congress. WETA seeks funding from the FTA ferry grant program every year.	• Work with Public Ferry Coalition members, organized labor, and other WETA advocates to encourage members of the House and Senate to co-sponsor the Ferry Service Expansion Act. • Engage directly with Congressional leadership and relevant Congressional committees. • Coordinate outreach to Congressional leadership and relevant Congressional 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 outside the Ferry Service Expansion Act, including through the annual appropriations process. • Work to identify future projects and work with the Congressional delegation to support WETA grant applications.

Issue / Background	*Strategy*
Increase Funding for the Electric or Low-Emitting Ferry Grant Program Opportunities and Build Support for WETA Grant Applications. The Infrastructure Investment and Jobs Act (IIJA) directs the U.S. Department of Transportation (DOT) 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. The IIJA provides $50 million per year FY22-FY26 ($250 million total) in advanced appropriations (i.e. guaranteed funding) and authorizes Congress to appropriate an additional $50 million per year through 2026. WETA will likely seek funding from the Electric or Low-Emitting Ferry Grant Program every year.	• Work with Public Ferry Coalition members, organized labor, and other WETA advocates to seek additional funding through the annual appropriations process. • Engage directly with Congressional leadership and relevant Congressional committees. • Coordinate outreach to Congressional leadership and relevant Congressional Committees by members of the California Congressional delegation. • Work to identify future projects and work with the Congressional delegation to support WETA grant applications.
Funding Opportunities Through Other Competitive Grant Programs The Infrastructure Investment and Jobs Act (IIJA) provides funding for various other transit grant programs for which WETA is eligible.	• Identify possible projects for which to seek funding. • Develop coalitions of support for WETA grant applications.
Funding for Emergency Response 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.	• Identify possible projects for which to seek FEMA grant program funding. • Develop coalitions of support for WETA grant applications.
Avoiding Cuts to Transit Funding 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 have been needed in previous years 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.	• Support legislation, as needed, to waive the Rostenkowski rule.

Legislative, Regulatory, and Administrative Issues	
Issue / Background	*Strategy*
General 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. 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.	• 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.
Permitting 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.	• 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.
Disadvantaged Business Enterprise Program In accordance with the U.S. Department of Transportation (DOT) Disadvantaged Business Enterprise (DBE) regulations, 49 Code of Federal Regulations (CFR) Part 26.21, a recipient of more than $250,000 of federal funding per fiscal year and, is required to have a DBE Program. DBEs are for-profit small business concerns where socially and economically disadvantaged individuals own at least a 51% interest and control management and daily business operations. The purpose of the DBE Program is to create a level playing field on which DBEs can compete fairly for DOT-assisted contracts by removing barriers to DBEs participating in the bidding, award, and administration of federally funded contracts.	• Support changes to the DBE regulations that address specific requirements of ferry operations. • Advocate for FTA to allow out-of-state DBEs to be counted toward WETA's DBE participation.

Issue / Background	*Strategy*
U.S. Department of Labor Section 13(c) Determination On October 28, 2021 the United States Department of Labor (USDOL) released a letter, nullifying their previous 2019 determination on the impact of PEPRA on collective bargaining rights and prohibiting the further certification of federal transit grants owed to California transit agencies. The State of California, with support by the California Transit Association, secured temporary injunctive relief against implementation of the United States Department of Labor's October 28 determination, permitting federal transit grants to continue to flow to California transit agencies. As of the drafting of this program, this injunctive relief remains in place. WETA has not been previously impacted by this issue due to the agency having no represented public employees.	• Support State and California Transit Association efforts to secure long-term relief to ensure FTA funding remains available to California agencies.