

## MEMORANDUM

September 22, 2017

**TO:** MEMBERS, PORT COMMISSION  
Hon. Willie Adams, President  
Hon. Kimberly Brandon, Vice President  
Hon. Leslie Katz  
Hon. Doreen Woo Ho

**FROM:** Elaine Forbes  
Executive Director

**SUBJECT:** Request authorization to (1) accept and expend \$1,100,000 in Proposition K Sales Tax funds for Downtown Ferry Terminal - South Basin Improvements from the San Francisco County Transportation Authority and (2) enter into a Memorandum of Understanding between the Port of San Francisco and the San Francisco Bay Area Water Emergency Transportation Authority for delivery of the Proposition K-funded portion of Downtown Ferry Terminal - South Basin Improvements

**DIRECTOR'S RECOMMENDATION:** Approve Attached Resolution

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### **EXECUTIVE SUMMARY**

On June 24, 2014 the San Francisco County Transportation Authority ("SFCTA") approved a five-year prioritization program for fiscal years 2014-15 through 2018-19 for Proposition K (the half-cent local sales tax for transportation) Expenditure Plan category number nine, which funds improvements to downtown ferry terminals. The Port is one of two eligible project sponsors in this category and the Port requested that the SFCTA program \$1,100,000 toward the San Francisco Bay Area Water Emergency Transportation Authority's ("WETA") Downtown San Francisco Ferry Terminal Expansion Project ("Project").

On May 23, 2017, the SFCTA approved resolution 17-46 allocating \$1,100,000 to the Port for Downtown Ferry Terminal - South Basin Improvements as part of the Project. The Port is the recipient of the funds, as we are the eligible sponsor under the Proposition K Expenditure Plan; WETA has responsibility for delivery of the construction project. The Port will serve as the pass-through agent for the funds, seeking reimbursements from SFCTA for eligible expenditures by WETA.

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Port staff requests Port Commission approval to accept and expend the \$1,100,000 allocation of Proposition K funds for the Project and enter into a Memorandum of Understanding (“MOU”) with WETA to govern each agency’s role in the administration of those grant funds.

## **STRATEGIC OBJECTIVE**

The Downtown Ferry Terminal - South Basin Improvements and Proposition K grant funds will assist with achieving four objectives of the Port’s Strategic Plan:

Livability: Work with transportation agency partners to ensure an integrated transportation plan that includes programs to ease traffic congestion along the waterfront and expand public transit – including water taxis and ferries – as well as pedestrian and bicycle access.

Resiliency: Assess all pending and new projects for the effects of rising sea level and ensure appropriate adaptation measures can be implemented.

Economic Vitality: Expand the system of active water berths for visiting commercial, transportation, and recreational vessels.

Stability: Seek traditional and innovative solutions to the Port’s capital plan funding gap by maximizing external investment capital for project funding.

## **BACKGROUND**

### The Project

The Port and WETA have been working together for the past eight years on a coordinated effort to prepare for the expansion of the Downtown Ferry Terminal. Currently the terminal consists of Gate B located on the north side of the Ferry Building and Gate E to the South of the Ferry Building, in addition to two gates leased and operated by Golden Gate Ferry located directly behind the Ferry Building.

The purpose of the Project is to support and expand ferry service on San Francisco Bay in accordance with City and regional policies to encourage transit use and in furtherance of WETA’s Strategic Plan. On September 27, 2016, staff made an informational presentation on WETA’s Strategic Plan.

WETA and the Federal Transit Administration (“FTA”) completed a Final Environmental Impact Statement/Environmental Impact Report (State Clearing House No. 2011032066, October 2014) that meets requirements of both the National Environmental Policy Act and the California Environmental Quality Act for environmental clearance of the Project.

On April 11, 2017, the Port Commission approved (1) a 66-year Lease for portions of the South Basin and (2) a coterminous non-exclusive License for pile supported areas adjacent to and west of the South Basin, both with WETA, in connection with the Project.

### Proposition K

In November 2003, San Francisco voters approved Proposition K, a half-cent local sales tax for transportation that is administered by the SFCTA. The Proposition K Expenditure Plan describes the types of projects that are eligible for funds, establishes limits on sales tax funding by Expenditure Plan line item, and sets expectations for leveraging of sales tax funds.

Category nine of the voter-approved Expenditure Plan is for “Improvements to downtown ferry terminals to accommodate increases in ferry ridership. Included are additional intermodal connections, new ferry berths, improved emergency response systems, and landside improvements to serve increased passenger flows. Also included is rehabilitation of passenger-serving facilities. Includes project development and capital costs.” There are two eligible sponsoring agencies for projects in this category: the Port of San Francisco and the Golden Gate Bridge, Highway and Transportation District.

The Proposition K Expenditure Plan requires that each programmatic category develop a 5-Year Prioritization Program (5YPP) prior to receiving Proposition K allocations. Because of the Port’s partnership with WETA on the Project, the Port proposed that \$1,100,000 be programmed for the project in the 5YPP for fiscal years 2014-15 through 2018-19. The proposal was accepted and included in the 5YPP approved by the SFCTA Board on June 24, 2014.

In Spring 2017, the Port and WETA submitted an allocation request to SFCTA, asking that the full \$1,100,000 grant be allocated for the programmed Downtown Ferry Terminal Project. The application identifies the Port as the grant recipient, despite WETA’s role in delivering the Project, because WETA is not an eligible project sponsor. On May 23, 2017, the SFCTA Board approved the allocation request.

Port Staff now seeks Port Commission approval for the Executive Director to execute the SFCTA’s Standard Grant Agreement No. 109.913004 (Attachment 1) as well as the draft memorandum of understanding between the Port and WETA (Attachment 2).

### Roles in delivering and administering Proposition K Funds

Port staff and WETA staff negotiated the MOU to detail each agency’s role in delivery of the Proposition K-funded Project. As the grant recipient, the Port is responsible for seeking reimbursements from the SFCTA for Proposition K-eligible expenses.

WETA will continue to serve as the lead agency delivering the Project and managing all grant funds. WETA will prepare invoices and associated documentation and submit them to the Port. If the Port finds the invoices to be consistent with the Proposition K requirements, Port staff will transmit the reimbursement request to the SFCTA and will in turn reimburse WETA, once funds are received from the SFCTA. The Port will have no obligation under the MOU or otherwise to reimburse WETA for any expenses invoiced to Proposition K grant funds for which the SFCTA fails to make a reimbursement for any reason.

**FUNDING**

WETA’s funding for the Project is a combination of local (this Proposition K grant), State, and Federal sources. The current construction budget is approximately \$75 million. All other funding sources required for the Project have been allocated.

**SCHEDULE**

Construction on the Project is expected to run from January 2017 through late 2019. Proposition K funds expire on December 31, 2020. No reimbursements may be sought by WETA or the Port after that date, unless an extension is sought and granted by SFCTA.

**CONCLUSION**

Port Commission approval to accept and expend Proposition K funds will put into place the final piece of funding for the \$75 million construction budget for the Downtown Ferry Terminal expansion. The result will be two new ferry gates and rehabilitation of Gate E, improved pedestrian circulation and ferry passenger boardings, enhanced emergency response capabilities, and accommodation of anticipated increases in ferry ridership. The associated MOU will clarify the Port’s and WETA’s roles in delivering Proposition K funds, to ensure compliance with SFCTA requirements.

**RECOMMENDATION**

Port staff seeks Port Commission authorization for the Executive Director to accept and expend \$1,100,000 in Proposition K Sales Tax funds for Downtown Ferry Terminal - South Basin Improvements from the SFCTA. Additionally, Port staff recommends that the Port Commission authorize the Director or her designee to execute an MOU between the Port and WETA for delivery of the Proposition K-funded portion of Downtown Ferry Terminal - South Basin Improvements.

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For: Katharine Petrucione, Deputy  
Director of Finance & Administration

Attachment 1: Standard Grant Agreement No. 109.913004

Attachment 2: Draft Memorandum of Understanding

**PORT COMMISSION  
CITY AND COUNTY OF SAN FRANCISCO  
RESOLUTION NO. 17-53**

WHEREAS, The Port and the San Francisco Bay Area Water Emergency Transportation Authority (“WETA”) have jointly developed plans for the Downtown San Francisco Ferry Terminal Expansion Project (“Project”) to improve facilities at the existing Downtown San Francisco Ferry Terminal; and

WHEREAS, WETA and the Federal Transit Administration completed a Final Environmental Impact Statement/Environmental Impact Report (State Clearing House No. 2011032066, October 2014) that meets requirements of both the National Environmental Policy Act and the California Environmental Quality Act for environmental clearance of the Project; and

WHEREAS, Port staff, in cooperation with WETA, sought funding for Downtown Ferry Terminal - South Basin Improvements through the Proposition K Expenditure Plan designated for the expansion of the Downtown San Francisco Ferry Terminal and administered by the San Francisco County Transportation Authority (“SFCTA”); and

WHEREAS, The SFCTA approved the Port’s request for \$1,100,000 in Proposition K grant funds for Downtown Ferry Terminal - South Basin Improvements at a public meeting of the SFCTA Board on May 23, 2017 (Board Resolution No. 17-46); now therefore be it

RESOLVED, That the Port Commission hereby authorizes the Executive Director to accept and expend \$1,100,000 in Proposition K grant funds from the SFCTA, pursuant to a reimbursement process specified in the Standard Grant Agreement for Project No. 109-913005, attached as Attachment 1 to the staff memorandum to which this resolution is attached (“Memorandum”); and be it further

RESOLVED, That the Port Commission hereby approves the proposed Memorandum of Understanding (“MOU”) between the Port and WETA on terms substantially consistent with those described in the attached Memorandum; and be it further

RESOLVED, That following approval by the Executive Director of WETA, the Port Commission hereby authorizes the Executive Director of the Port, or her designee, to execute the proposed MOU on terms substantially consistent with those described in the attached Memorandum.

***I hereby certify that the foregoing resolution was adopted by the San Francisco Port Commission at its meeting of September 26, 2017.***

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Secretary