



Agenda Item No. 2.c.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of January 23, 2009

From: James P. Swindler, Deputy General Manager, Ferry Division
Joseph M. Wire, Auditor/Controller
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
c) **BUDGET INCREASE IN THE FY 08/09 FERRY TRANSIT DIVISION
CAPITAL/OPERATING BUDGETS RELATIVE TO CONTRACT NO.
2009-FT-1, ROUTINE DRY-DOCKING OF THE M.S. SAN FRANCISCO
AND M.S. SONOMA**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize an increase in the FY 08/09 Ferry Transit Division Capital Budget in the amount of \$60,000 (100% grant funds) to cover increased costs associated with the installation of two new diesel generators for the Repower *M.S. San Francisco* capital project, and further authorize a budget transfer of \$100,000 from the FY 08/09 Bridge Division Operating Budget to the FY 08/09 Ferry Transit Division Operating Budget to cover increased costs associated with the routine dry-dockings of the *M.S. Sonoma* and *M.S. San Francisco*.

Summary

Contract No. 2009-FT-1, *Routine Dry-Docking of the M.S. San Francisco and M.S. Sonoma* was awarded to Bay Ship & Yacht Co. of Alameda, California. Bay Ship & Yacht Co. was the sole bidder on the Contract. A price analysis was carried out by staff to determine if the sole bid was fair and reasonable. The Contract covers two budget areas, first is the operational budget for the maintenance and U.S. Coast Guard required dry-docking of the *M.S. Sonoma* and *M.S. San Francisco*, and second is the capital budget for the installation of two new diesel generators for the *M.S. San Francisco*.

The operating budget increase is a result of needing to properly repair unexpected problems with the vessels' safety gear and other vital systems including the life raft launching and ventilation fire dampers. These items must be in good working condition in order to pass all the U.S. Coast Guard inspections. In addition to these safety items, both vessels have incurred additional expense in the removal and replacement of wastage associated with cast iron sea valves in the sea water cooling systems and several smaller items.

Contract No. 2009-FT-1 contained an option for the installation of two new diesel generators for the *M.S. San Francisco* previously purchased by the District. The *M.S. San Francisco*'s generators are being replaced as part of California Air Resources Board's Carl Moyer program. Due to increased costs, the capital budget needs to be increased by \$60,000 to cover the installation and contingency costs associated with the generator installation.

Fiscal Impact

The *M.S. Sonoma* and *M.S. San Francisco* dry-docking was originally included in the FY 08/09 Ferry Transit Division Operating Budget in the amount of \$400,000 and 100% District funded. An additional \$100,000 is needed in the Ferry Operating Budget to fully fund this project at a total budget of \$500,000. The additional funding will be absorbed in the agency's operating budget through a transfer of anticipated savings in the Bridge Division to the Ferry Division.

The Repower M.S San Francisco project is included in the FY 08/09 Ferry Transit Division Capital Budget in the amount \$105,400, and is 100% grant funded (92% Carl Moyer Grant funds and 8% FTA funds). A capital budget increase in the amount of \$60,000 (100% FTA) is required to fully fund this project at the proposed budgeted of \$165,400.