



June 23, 2005  
(For Board: July 8, 2005)

**REPORT OF THE FINANCE-AUDITING COMMITTEE/  
COMMITTEE OF THE WHOLE**

Honorable Board of Directors  
Golden Gate Bridge, Highway  
and Transportation District

Honorable Members:

A meeting of the Finance-Auditing Committee/Committee of the Whole was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Thursday, June 23, 2005, at 10:25 a.m., Chair Stroeh presiding.

**Committee Members Present (9):** Chair Stroeh; Vice Chair Pahre; Directors Boro, Cochran, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)

**Committee Members Absent (0):** None

**Other Directors Present (3):** Directors Hernández, Martini and Moylan

**Committee of the Whole Members Present (12):** Directors Cochran, Eddie, Hernández, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook

**Committee of the Whole Members Absent (6):** Directors Ammiano, Brown, Dufty, Kerns, McGoldrick and Sandoval

**[On this date, there was one vacancy on the Board of Directors.]**

**Staff Present:** General Manager Celia G. Kupersmith; District Engineer Denis J. Mulligan; Auditor-Controller Joseph M. Wire; Secretary of the District Janet S. Tarantino; Attorney David J. Miller; Deputy General Manager/Bridge Division Kary H. Witt; Deputy General Manager/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Public Affairs Director Mary C. Currie; Human Resources Director Larry Daniel; Risk Management and Safety Director Bill Stafford; Planning Director Alan R. Zahradnik; Capital and Grants Program Manager Nina Rannells; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Karen B. Engbretson

**Visitors Present:** Nancy Jones, Public Financial Management; Knita Beiles, Towers Perrin; Lewison Lem, California State Automobile Association

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**1. Ratify Actions by the Auditor-Controller**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith outlined disbursements and investments. A copy of the report is available in the Office of the District Secretary.

At the meeting, Nancy Jones reported on the latest economic news and described current interest rates in the District's portfolio. Ms. Jones stated that the Federal Reserve Bank is on a path towards increasing interest rates, and although interest rates will continue to increase through the end of the year, it is expected that the rate of increase will slow down. She further stated that the interest rate for short-term securities is anticipated to reach 3.75%, or 4% by December 2005. Ms. Jones stated that the recent financial troubles experienced by the big automakers, General Motors and Ford Motor Company, resulted in those companies' bond ratings being downgraded. She further noted that the District's portfolio has a current yield of 3.37%, and that the District has enough liquidity to take advantage of longer-term securities as more favorable interest rates become available.

Staff recommended and the Committee concurred by motion made and seconded by **Directors SHAHUM/COCHRAN** to forward the following recommendation to the Board of Directors for its consideration:

**RECOMMENDATION**

The Finance-Auditing Committee recommends that the Board of Directors authorize the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures totaling \$95,208.93;
- b. Ratify investments made by the Auditor-Controller during the period May 17, 2005 through June 13, 2005, as follows:

<b>SECURITY</b>	<b>PURCHASE DATE</b>	<b>MATURITY DATE</b>	<b>ORIGINAL COST</b>	<b>PERCENT YIELD</b>
FHLB Note	05/20/05	02/15/08	3,439,089.95	4.218
JP Morgan Note	06/13/05	01/15/08	5,032,355.56	4.0579

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between June 14, 2005 and July 11, 2005, as well as the investment of all other funds not required to cover expenditures that may become available.
- d. Accept the Investment Report for May 2005 prepared by Public Financial Management.

**Action by the Board - Resolution**  
**CONSENT CALENDAR**

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- AYES (12):** Directors Cochran, Eddie, Hernández, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook
- NOES (0):** None

**2. Approve Actions Relative to Filing an Application with the Bay Area Air Quality Management District for Regional Transportation Fund for Clean Air Program Grant Funds to Support Bus Stop Improvements**

In a memorandum to Committee, Capital and Grant Program Manager Nina Rannells, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported that in April 2005, the Bay Area Air Quality Management District (BAAQMD) announced a call for projects eligible for grant funding under the Transportation Fund for Clean Air Program (TFCA) grant program. The report stated that BAAQMD, in conjunction with the State of California, Department of Motor Vehicles, collects a \$4.00 annual surcharge on motor vehicle registrations in the nine Bay Area counties to provide funding for the regional TFCA grant program. This grant program provides funds to public agencies to implement cost-effective projects that reduce motor vehicle emissions and support implementation of transportation control measures and mobile source measures contained in the Bay Area's Clean Air Plan.

The report also stated that the District has sought approval from the San Francisco Department of Parking and Traffic (DPT), the San Francisco Department of Public Works and San Francisco Municipal Railway for a replacement bus stop located away from the congested Bay Bridge on ramps near Folsom and First streets. The original bus stop in this area required right lane boarding and alighting for Golden Gate Transit buses, causing significant time delays due to traffic congestion during the afternoon commute. The DPT recently agreed to construct this new bus stop on an island in the left lane of Folsom Street at First Street, provided that the District secures funding for this project. The report further stated that staff recommends that the General Manager be authorized to file a grant application with BAAQMD for \$60,000 in TFCA funds, and executed related agreements with BAAQMD and the DPT for the DPT to undertake this construction project. A copy of the report is available in the Office of the District Secretary.

At the meeting, Celia Kupersmith described the background of the District's efforts to have a new Golden Gate Transit bus stop constructed to avoid Bay Bridge traffic. She noted that it would be advantageous for the District to have the construction undertaken by the DPT.

Discussion ensued, including the following:

- Director Shahum inquired as to whether or not it would be beneficial to have Golden Gate Transit buses share the new bus stop with San Francisco Municipal Railway buses. In response, Alan Zahradnik replied that while

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it was staff's original intent to expedite the project by constructing a shared bus stop, the optimal solution is to have a separate bus stop island for use by Golden Gate Transit buses.

Staff recommended and the Committee concurred by motion made and seconded by **Directors EDDIE/COCHRAN** to forward the following recommendation to the Board of Directors for its consideration.

**RECOMMENDATION**

The Finance-Auditing Committee recommends that the Board of Directors approve the following actions relative to Regional Transportation Fund for Clean Air Program (TFCA) grant funds administered by the Bay Area Air Quality Management District (BAAQMD):

- a. Authorize the General Manager to file an application and execute a funding agreement with BAAQMD for TFCA grant funds in the amount of \$60,000, to support implementation of a new bus stop island on Folsom Street in San Francisco; and,
- b. Authorize the General Manager to enter into an agreement with the San Francisco Department of Parking and Traffic (DPT) to pass through these grant funds, and related grant requirements, for the DPT to construct this bus stop for use by Golden Gate Transit buses.

**Action by Board – Resolution  
NON-CONSENT CALENDAR**

**AYES (12):** Directors Cochran, Eddie, Hernández, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook

**NOES (0):** None

**[Note: The above recommendation was forwarded to the Board of Directors meeting of June 24, 2005, for action.]**

**3. Approve Renewal of the Health and Benefit Insurance Plans**

In a memorandum to Committee, Deputy General Manager/Administration & Development Teri W. Mantony, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided staff's recommendation for renewal of the District's Health and Benefit Insurance Plans for FY 05/06. The Health and Benefit Insurance Plans renew on July 1, 2005, and include the following policies:

- a. *Group Life, Accidental Death & Dismemberment and Dependent Life Plan;*
- b. *Medical Stop-Loss Coverage;*
- c. *Kaiser Foundation Health Plan;*
- d. *Blue Shield of California PPO Plan;*
- e. *Blue Shield of California HMO Plan;*
- f. *Caremark Prescription Drug Plan*

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- g. *U.S. Behavioral Health Services*
- h. *Vision Service Plan of California; and,*
- i. *Delta Dental Plan of California.*

The report stated that in response to the financial crisis facing the District, structural changes to the plans were developed in FY 04/05 that resulted in significantly reduced costs to the District, while continuing to maintain excellent employee benefits. The report also stated that Towers Perrin, the District's health and employee benefits broker, built on these cost containment strategies and successfully negotiated new contracts with the District health and benefit insurance providers with an approximate overall increase of 9.8%, excepting the medical stop-loss coverage. The report included a chart that compared the percentage of increase in costs of the various plans from FY 04/05 to FY 05/06. The report further stated that staff recommends approval of the above-described health and benefit insurance plans for FY 05/06, with an effective renewal date of July 1, 2005.

At the meeting, staff provided a supplemental report, which included the recommended renewal of the medical stop-loss coverage. In the supplemental report, staff reported that Towers Perrin was able to successfully negotiate with Blue Shield of California to provide this coverage for \$366,000, significantly less than the quote of \$503,000 provided by the incumbent, ING. Copies of both the staff report and the supplemental report are available in the Office of the District Secretary.

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/PAHRE** to forward the following recommendation to the Board of Directors for its consideration:

**RECOMMENDATION**

The Finance-Auditing Committee recommends that the Board of Directors approves the renewal of the Health and Benefit Plans, for a one-year term, effective July 1, 2005, through June 30, 2006, as follows:

- a. Group Life, Accidental Death & Dismemberment and Dependent Life Plan with Principal Mutual, in the amount of \$172,000;
- b. Medical Stop-Loss Coverage with Blue Shield of California, with a deductible of \$150,000, and a special deductible of \$250,000 for two specified beneficiaries, in the amount of \$366,000;
- c. Kaiser Foundation Health Plan, in the amount of \$2,703,000;
- d. Blue Shield of California PPO Plan, on a self-funded basis, in the estimated amount of \$8,016,000;
- e. Blue Shield of California HMO Plan, in the estimated amount of \$893,000;
- f. Caremark Prescription Drug Plan, on a self-funded basis, in the estimated amount of \$3,601,000;
- g. U.S. Behavioral Health Services, in the amount of \$60,900;

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- h. Vision Service Plan of California, on a self-funded basis, in the amount of \$282,000; and,
  - i. Delta Dental Plan of California, on a self-funded basis, in the amount of \$2,148,000;
- with the understanding that requisite funds in the amount of \$18,241,900 are available in the FY 05/06 Operating Budget.

**Action by the Board – Resolution  
NON-CONSENT CALENDAR**

- AYES (12):** Directors Cochran, Eddie, Hernández, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook
- NOES (0):** None

**[Note: The above recommendation was forwarded to the Board of Directors meeting of June 24, 2005, for action.]**

**4. Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares for Eleven Months Ending May 2005**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for eleven months ending May 31, 2005. A copy of the report is available in the Office of the District Secretary.

**Public Comment**

Lewis Lem, Transportation Policy Manager for the California State Automobile Association (CSAA), provided a handout to the Committee regarding, *Bay Area Bridge and Ferry Crossings Data: Initial Review*. This handout included charts and graphs which depicted traffic data on the Golden Gate Bridge and other Bay Area bridges, and suggested possible links between the District's September 2002 toll increase, decreased Golden Gate Bridge traffic and increased ferry ridership.

**Action by the Board – None Required**

**5. Review of Financial Statements for Eleven Months Ending May 31, 2005**

**a. Statement of Revenue and Expenses**

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Revenues and Expenses for Eleven Months Ending May 31, 2005*. A copy of the report is available in the Office of the District Secretary.

**Action by the Board – None Required**

**b. Statement of Capital Programs and Expenditures**

In a memorandum to Committee, Capital and Grants Manager Nina Rannells, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Capital Programs and Expenditures for Eleven Months Ending May 31, 2005*. A copy of the report is available in the Office of the District Secretary.

**Action by the Board – None Required**

**6. Public Comment**

Public comment was received relative to Agenda Item No. 4, noted above.

**7. Adjournment**

All business having been concluded, the meeting was adjourned at 10:40 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair  
Finance-Auditing Committee

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