



December 15, 2006
(For Board: December 15, 2006)

**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 Friday, December 15, 2006, at 9:25 a.m., Chair Stroeh presiding.

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

Committee Members Absent (0): None

Other Directors Present (8): Directors Ammiano, Brown, Dufty, Hernández, Kerns, Martini, McGoldrick and Moylan

Committee of the Whole Members Present (17): Directors Ammiano, Brown, Cochran, Dufty, Eddie, Grosboll, Hernández, Kerns, Martini, McGoldrick, Murray, Pahre Reilly and Stroeh; Second Vice President Boro; First Vice President Moylan; President Middlebrook

Committee of the Whole Members Absent (2): Directors Newhouse Segal and Sandoval

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/Administration and Development Teri W. Mantony; Information Systems Director Robert Haar; Security and Emergency Management Specialist Lisa J. Locati; Assistant Clerk of the Board Karen B. Engbretson; Executive Assistant to the General Manager Amorette Ko

Visitors Present: None

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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 commitments, disbursements and investments made on behalf of the District. A copy of the staff report is available in the Office of the District Secretary and on the District's web site.

Nancy Jones, Public Financial Management, was not present at the meeting to provide a verbal report on the status of the District's investment portfolio. Ms. Jones' written report was included in the Committee packet.

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 authorize the following actions by the Auditor-Controller:

- a. Ratify commitments and/or expenditures for the period November 1, 2006, through November 30, 2006, totaling \$45,470.20;
- b. Ratify investments made by the Auditor-Controller during the period November 7, 2006, through December 4, 2006, as follows;

SECURITY	PURCHASE DATE	MATURITY DATE	ORIGINAL COST	PERCENT YIELD
FHLB Disc Note	11/15/06	12/13/06	2,159,299.09	5.16
Dexia Delaware LLC, Commercial Paper	11/15/06	12/21/06	3,978,980.00	5.255
UBS Delaware LLC, Commercial Paper	11/22/06	01/05/07	5,784,571.01	5.26
Merrill Lynch & Co.	11/27/06	12/21/06	5,374,160.46	5.24
FHLMC Disc Note	11/30/06	12/26/06	5,034,059.67	5.19

- c. Authorize the Auditor-Controller to re-invest, within the established policy of the Board, investments maturing between December 5, 2006, and January, 2007, as well as the investment of all other funds not required to cover expenditures that may become available; and,
- d. Accept the Investment Report for November 2006 prepared by Public Financial Management.

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

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AYES (13): Directors Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGoldrick, Murray, Pahre, Reilly and Stroeh; First Vice President Moylan; President Middlebrook
NOES (0): None

2. Authorize Budget Increase in the FY 06/07 Operating Budgets for the Board-Adopted Wage Adjustments for Represented and Non-Represented Employees

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize a budget increase in the FY 06/07 Operating Budgets in the amount of \$1,510,000, relative to recently approved wage adjustments for represented and non-represented employees. The report stated that at its November 17, 2006 meeting, the Board of Directors, by Resolution Nos. 2006-093, 2006-094 and 2006-095, approved a 4% wage increase effective November 6, 2006, the first day of the pay period in which the Board action was taken; and, approved modifications to medical benefit plans and other related actions, including a 2.5% at age 55 pension to be fully funded by employees. The recommended budget adjustment will increase the FY 06/07 Operating budgets by \$1,510,000, resulting in a total adjusted operating budget of \$149,088,900, in order to cover these wage adjustments. A copy of the staff report is available in the Office of the District Secretary and on the District's web site.

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 the Board of Directors authorize a budget increase in the FY 06/07 Operating budgets, in the amount of \$1,510,000, to cover the 4% wage adjustments for represented and non-represented employees, as well as the Officers of the District, approved by the Board of Directors on November 17, 2006.

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

AYES (13): Directors Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGoldrick, Murray, Pahre, Reilly and Stroeh; First Vice President Moylan; President Middlebrook
NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of December 15, 2006, for action.]

3. Authorize the Submittal of a Project Application with the Metropolitan Transportation Commission for Corridor Mobility Improvement Account Funds

In a memorandum to Committee, Capital and Grant Programs Manager Gayle S. Prior, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to submit a project application with the Metropolitan Transportation Commission (MTC) for Corridor Mobility Improvement Account (CMIA) funds to support the Moveable Median Barrier project. The report stated that on November 7, 2006, California voters approved Proposition 1B, the Highway Safety, Traffic Reduction, Air Quality and Port Security Bond Act of 2006 (Infrastructure Bond). Included in the Infrastructure Bond is \$4.5 billion for the CMIA program. The report also stated that MTC is the designated agency for the San Francisco Bay Area to submit project nominations to the California Transportation Commission for funding under the CMIA program. MTC is eligible to submit CMIA program project nominations and is also currently soliciting project nominations from Bay Area county congestion management agencies and the State of California, Department of Transportation.

The report further stated that it is recommended that the General Manager submit a project application with MTC for CMIA funds in the amount of \$20 million to support implementation of the \$25 million Moveable Median Barrier project. This project, which will be 80% grant funded and 20% District funded, is included in the District's 10-year capital plan. A copy of the staff report is available in the Office of the District Secretary and on the District's web site.

At the meeting, Celia Kupersmith summarized the staff report, and described staff's efforts to procure grant funding for the Moveable Median Barrier project. She noted that the District is unique in that it is a regional agency without a home county, and must apply for CMIA program funds through the MTC rather than through one of the county congestion management agencies. She further noted that the MTC has available a total of \$1.5 billion for the CMIA program, of which 80% will fund congestion relief projects, and of which 20% will fund other projects such as the Moveable Median Barrier project. She further described the challenges that the District is facing in obtaining funding for this project. She stated that the MTC staff has developed a list eligible CMIA projects, and that unfortunately, it does not appear that the Moveable Median Barrier project is included in the list of projects. She noted that if the District cannot obtain state funding for the Moveable Median Barrier project, the only other option would be to request a direct federal earmark, which is a difficult process without a guarantee of success.

Ms. Kupersmith acknowledged the support of Director Tom Ammiano, who in his capacity as a commissioner for the Metropolitan Transportation Commission, has provided unwavering support for the District's efforts to fund Moveable Median Barrier project.

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Discussion ensued, including the following:

- Director McGoldrick made the following comments and inquiries:
 - He inquired as to whether the District would be requesting CMIA funding for both the Moveable Median Barrier and the Suicide Deterrent projects. In response, Ms. Kupersmith stated that at this time, the District is only seeking funding for the Moveable Median Barrier project, since the Board of Directors made a decision to proceed with the project as soon as funding is available.
 - He noted that he, along with Directors Ammiano, Dufty, Sandoval, are also members of the San Francisco County Transportation Authority (SFCTA), and that the next opportunity to consider the District's request for Moveable Median Barrier project funding would be at the SFCTA's January 18, 2007 meeting. He stated that the District's request for CMIA funding could be added to the agenda for that meeting.
 - He inquired as to which of the four categories of Infrastructure Bond funding the District would be seeking for the Moveable Median Barrier project. In response, Denis Mulligan stated that the Moveable Median Barrier project is only eligible for the CMIA category of funding.
 - He reported that an interesting component of the CMIA program funding is that any funding that is not spent in 2007 will be kept as a placeholder for the following year. He suggested that as a fall-back strategy, it may be prudent for the District to apply for this unspent money in 2008. Ms. Kupersmith thanked Director McGoldrick for his suggestion.

- Director Kerns inquired as to whether any District representatives were planning a trip to Washington, D.C., to request a federal earmark for the Moveable Median Barrier project. In response, Ms. Kupersmith stated that each year, the President of the Board, the Chair of the Governmental Affairs and Public Information Committee and other key District representatives participate in a legislative trip to Washington, D.C., to seek federal funding for District projects. She noted that for several years, the main purpose of these trips was to seek funding for the Seismic Retrofit project. Now that the Seismic Retrofit project is fully funded, the District is now seeking funding for the Moveable Median Barrier project.

- Director Murray remarked that there was a presentation made at the December 14, 2006, meeting of the Transportation Authority of Marin, regarding a proposed moveable median barrier on the Richmond-San Rafael Bridge to accommodate a bike lane. She noted that the MTC has programmed funding for this project, which is estimated to cost between \$40 million and \$300 million, depending on whether the bike lane is built on the existing span or whether the bike lane is built on a structure suspended from the side of the bridge. She noted that in her opinion, the District's Moveable Median Barrier project would be a more critical safety improvement project, and suggested that the District consider seeking a portion of the funding that MTC is programming for the Richmond-San Rafael Bridge bike lane project.

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 the Board of Directors authorize the General Manager or her designee to submit a project application with the Metropolitan Transportation Commission, for Corridor Mobility Improvement Account program funds, in the amount of \$20 million, to support the proposed Moveable Median Barrier project.

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

AYES (14): Directors Ammiano, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGoldrick, Murray, Pahre, Reilly and Stroeh; First Vice President Moylan; President Middlebrook

NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of December 15, 2006, for action.]

4. Authorize Issuance of Purchase Orders to Convergent Computing Relative to California Multiple Award Schedule Contract No. 3-06-70-1708B for a Multi-Year Contract for Consulting Services for Microsoft Upgrades and Support

In a memorandum to Committee, Information Systems Director Robert Haar, Deputy General Manager, Administration and Development Teri Mantony, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize the issuance of purchase orders to Convergent Computing for Microsoft upgrades and support through a California Multiple Award Schedule (CMAS) contract.

The report further stated that the CMAS system is a multiple award schedule based on model used by the Federal General Services Administration and offers a wide variety of commodity and information technology products and services at prices that the State of California has assessed to be fair, reasonable and competitive. Public Contract Code section 10298 allows the District to take advantage of the CMAS program and receive the same volume pricing, generous discounts, extensive selection of items and high-quality services that are available to all State agencies. It is staff's opinion that the District has saved considerable staff time and expense by utilizing the CMAS system.

Finally, staff, in consultation with the District's Attorney, has determined that Convergent Computing, which has been awarded CMAS contracts in the past, best meets the District's needs based on their business qualifications and experience on similar services, including past experience with the District. Convergent Computing has demonstrated its capabilities in performing the prescribed work and offers a competitive hourly rate. A copy of the staff report is available in the Office of the District Secretary and on the District's web site.

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Staff recommended and the Committee concurred by motion made and seconded by **Directors MURRAY/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 authorize the issuance of purchase orders to Convergent Computing, Oakland, CA, for the provision of consulting services for Microsoft upgrades and support through California Multiple Award Schedule (CMAS) Contract No. 3-06-70, 1708B, in a total amount not to exceed \$255,000, for a multi-year contract, commencing January 1, 2007 and ending May 31, 2010; with the understanding that requisite funds are included in the FY 06/07 District Division Operating Budget; and, with the further understanding that requisite funds will be included in the appropriate future fiscal years' Operating budgets.

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

AYES (14): Directors Ammiano, Cochran, Dufty, Eddie, Hernández, Kerns, Martini, McGoldrick, Murray, Pahre, Reilly and Stroeh; First Vice President Moylan; President Middlebrook
NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of December 15, 2006, for action.]

5. Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares for Five Months Ending November 30, 2006

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a schedule comparing categories of Bridge traffic for five months ending November 30, 2006. A copy of the report is available in the Office of the District Secretary and on the District's web site.

Action by the Board – None Required

6. Review of Financial Statements for Five Months Ending November 30, 2006

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 Five Months Ending November 30, 2006*. A copy of the report is available in the Office of the District Secretary and on the District's web site.

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Discussion ensued, including the following:

- Director Martini inquired regarding a discrepancy between the figures shown on the first page of the staff report and the figures shown on the accompanying spreadsheet for Agenda Item No. 6.a. under “Consolidated District Revenues,” “Consolidated District Expenses” and “Consolidated Revenues over Expenses.” In response, Joseph Wire stated that there had been a typographical error made on the first page of the staff report, and that the staff report would be corrected for the record.

Action by the Board – None Required

b. Statement of Capital Programs and Expenditures

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith provided a financial statement entitled, *Statement of Capital Programs and Expenditures for Five Months Ending November 30, 2006*. A copy of the report is available in the Office of the District Secretary and on the District’s web site.

Action by the Board – None Required

7. Closed Session

Attorney David Miller, at the request of Chair Stroeh, stated that the Committee would convene in closed session to discuss a matter of pending litigation listed on the agenda as Item No. 7.a.1., *John A. Johnston vs. Golden Gate Bridge, Highway and Transportation District (District)*.

After closed session, Chair Stroeh called the meeting to order in open session with a quorum present. Attorney Miller reported that the Committee met in closed session, as permitted by the Brown Act, to discuss one item of pending litigation, as listed above. Mr. Miller stated that with regard to the Item No. 8.a.1., *John A. Johnston vs. District*, the Committee recommended that this matter be referred to the December 15, 2006 meeting of the Board of Directors for necessary action.

8. Public Comment

There was no public comment.

9. Adjournment

All business having been concluded, the meeting was adjourned at 9:55 a.m.

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee