

June 24, 2021



## **MINUTES OF THE FINANCE-AUDITING COMMITTEE**

**Executive Order N-25-20 and N-29-20, issued by the Governor of the State of California, in which portions of the Ralph M. Brown Act are suspended and allows all Board members, staff and the public to participate by telephone.**

**These minutes are supplemented by the audio recording that is posted online at:**  
**<https://www.goldengate.org/district/board-of-directors/meeting-documents>**.

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

Honorable Members:

A meeting of the Finance-Auditing Committee (Committee) of the Golden Gate Bridge, Highway and Transportation District (District) was held via audio conference, on Thursday, June 24, 2021, at 11:34 a.m., Chair Rabbitt presiding.

**(1) Call to Order:** 11:34 a.m.

**(2) Roll Call:** Secretary of the District Amorette M. Ko-Wong.

**Committee Members Present (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**Committee Members Absent (2):** Directors Grosboll and Stefani.

**Other Directors Present (3):** Directors Hernández, Hill and Snyder.

**[Note: On this date, there were four vacancies on the Board of Directors.]**

**Staff Present:** General Manager Denis Mulligan; Auditor-Controller Joseph Wire; District Engineer Ewa Bauer-Furbush; Secretary of the District Amorette Ko-Wong; Attorney Kimon Manolius; Deputy General Manager/Administration and Development Kellee Hopper; Deputy General Manager/Bus Transit Division Mona Babauta; Deputy General Manager/Ferry Division James Swindler; Executive Administrator to the General Manager Justine Bock; Senior Board Analyst Elizabeth Eells.

Copies of all reports are available on the District's web site at <https://www.goldengate.org/district/board-of-directors/meeting-documents> or upon request from the Office of the District Secretary.

(3) **Ratification of Previous Actions by the Auditor-Controller** [01:52 Minutes Mark on the Audio Recording]

PFM Senior Managing Consultant Lesley Murphy presented the Investment Report. She stated the portfolio remains well diversified and invested to meet legal requirements and the District's investment policy.

Chair Rabbitt and Directors Theriault and Hill commented and inquired about the Investment Report. Director Hill inquired about the District's Investment Policy.

Ms. Murphy and Mr. Wire responded to the Directors' inquiries. Mr. Wire stated that the Board could take action to change its Investment Policy. He noted that President Pahre and Chair Rabbitt could request that staff research the matter, and come back to the Committee with potential policy options.

(a) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/THERIAULT** 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:

- (i) There are no commitments or expenditures to ratify for the period of May 1, 2021 through May 31, 2021;
- (ii) Ratify investments made during the period May 10, 2021 through June 14, 2021;
- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing June 15, 2021 and July 12, 2021 as well as the investment of all other funds not required to cover expenditures that may become available; and,
- (iv) Accept the Investment Report for May 2021.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Director Grosboll and Stefani.

(4) **Authorize Budget Adjustment(s) and/or Transfer(s)**

- (a) **Authorize Budget Transfers and Adjustments to the FY 20/21 Operating Budget** [06:25 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

Director Theriault inquired about the staff report.

Mr. Wire responded to the Director's inquiry.

**(i) Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/THERIAULT** 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 operating budget transfers of \$450,000, or 0.2%, of total FY 20/21 Operating Budget Expenses as summarized below:

- (i) The Bridge Division will transfer \$150,000 between budget categories in the Bridge Division;
- (ii) The Bus Division will transfer \$300,000 between budget categories in the Bus Division; and,
- (iii) There is no cross division transfer between divisions. Each Division is anticipated to maintain their operation within its own Division budget.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

- (b) Budget Increase in the FY 20/21 Bridge Division Capital Budget for the Golden Gate Bridge Physical Suicide Deterrent System Project (Project #1526)**  
**[19:42 Minutes Mark on the Audio Recording]**

District Engineer Ewa-Bauer Furbush presented the staff report.

President Pahre expressed appreciation to the Metropolitan Transportation Commission for their support of the District's Suicide Deterrent System.

**(i) Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/THERIAULT** 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 an increase in the amount of \$7,910,000 in the *Golden Gate Bridge Physical Suicide Deterrent System Project (Project #1526)* budget, to be financed with Surface Transportation Program (STP) funds programmed by the Metropolitan Transportation Commission (MTC), for additional administration and construction engineering costs relative to construction Contract No. 2016-B-01, *Golden Gate Bridge Physical Suicide Deterrent System and Wind Retrofit Project*.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

- (c) **Budget Transfer in the Ferry Division Capital Budget from *FY21 Ferry Vessel Rehab Project (Project #2140)* to *Capital Improvements for Ferry Fleet Project (Project #2040)* Relative to Repairs for the *M.V. Mendocino*** **[22:39 Minutes Mark on the Audio Recording]**

Deputy General Manager/Ferry Division James Swindler presented the staff report.

(i) **Action by the Committee**

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

**RECOMMENDATION**

The Finance-Auditing Committee recommends, in concurrence with the Building and Operating Committee at its meeting on June 24, 2021, that the Board of Directors authorize a budget transfer in the amount of \$1,250,000, in the Ferry Division Capital Budget from FY 20/21 *Ferry Vessel Rehab Project (Project #2140)* to *Capital Improvements for Ferry Fleet Project (Project #2040)* Relative to Repairs for the *M.V. Mendocino*.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**Refer to Building and Operating Committee Meeting of June 24, 2021**  
**NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

(5) **Authorize Actions Related to Grant Programs**

(a) **Approve Actions Relative to the State of Good Repair (SGR) Program** [25:41 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

A public comment was received from the following individual: [27:36 Minutes Mark on the Audio Recording]

- David Pilpel, San Francisco Resident

(i) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/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 actions necessary to secure FY 21/22 State of Good Repair (SGR) program funds to support transit projects that maintain the public transit system in a state of good repair for the Golden Gate Bridge, Highway and Transportation District (District):

- (i) Authorize the General Manager or his designee to execute for and on behalf of the District any documents necessary relative to the FY 21/22 SGR program; and,
- (ii) Approve submission of the list of FY 21/22 proposed project(s) and future lists of proposed projects to the Metropolitan Transportation Commission (MTC). The FY 21/22 list includes the purchase of a new passenger ferry vessel, Project #1940.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

(6) **Approve Ratification of General Manager Emergency Action for Contract No. 2021-F-027 Sausalito Ferry Terminal Emergency Float Repair Work, and Authorize Budget Increase in the Ferry Division Capital Budget Relative to Project #1542, Service Life Extension Program (SLEP): Larkspur, San Francisco, Sausalito** [30:27 Minutes Mark on the Audio Recording]

Deputy General Manager/Ferry Division James Swindler presented the staff report.

(a) **Action by the Committee**

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Staff recommended and the Committee concurred by motion made and seconded by **Directors FREDERICKS/THERIAULT** 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:

- (i) Ratify the General Manager's emergency action to increase the contract amount for Contract No. 2021-F-027, *Sausalito Ferry Terminal Emergency Float Repair Work*, with Bay Ship & Yacht Co., in Alameda, CA, for a total contract amount not to exceed \$2,300,000, for Sausalito Ferry Terminal emergency float repair work; and,
- (ii) Authorize a budget increase in the amount of \$1,050,000 in the FY 20/21 Ferry Division Capital Budget relative to Project #1542, *Service Life Extension Program (SLEP): Larkspur, San Francisco, Sausalito*.

### **Action by the Board at its meeting of June 25, 2021 – Resolution** **NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

### **(7) Approve Renewal of the Liability and Property Insurance Programs [35:05 Minutes Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report. He noted that staff is recommending that number 1 of the staff recommendation be amended to give the General Manager the authority to pay a premium of up to \$3.7 million from the original \$3.5 million stated in the staff report.

President Pahre inquired if it would be prudent for the District to establish its own self-insurance fund for any other insurance areas besides the Bridge Self-Insurance Fund.

Mr. Wire responded to the President's inquiry.

### **(a) Action by the Committee**

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

### **RECOMMENDATION**

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The Finance-Auditing Committee recommends that the Board of Directors approve the Liability Insurance Program, effective July 1, 2021, as follows:

- (i) Delegate to the General Manager the authority to purchase the Excess General and Automobile Liability Insurance Program, including Public Officials and Employment Practices Liability with Terrorism Risk Insurance Act (TRIA) coverage, with various insurance companies with which the insurance broker is still negotiating. Potential insurers, many of which currently provide coverage to the Golden Gate Bridge Highway and Transportation District (District), include Allied Public Risk, Berkley PE (Gemini), Inigo, MAP, Hyland, AWAC, Hiscox, Canopus, Convex, Hamilton Re, Aspen, Sampo, Apollo, Liberty and others for a one-year term. The expiring program has a \$100 million limit. Given the current difficult market, the District may elect to reduce limits for premium savings. For the renewal, this program will be excess of a self-insured retention of \$5 million for Auto Liability and \$3 million for General Liability, including legal defense costs within the self-insured retention. The renewal limits will be between \$75 and \$100 million. The insurance broker will be working through the month of June to negotiate the best possible insurance program for the District. This extra time will enable the broker to obtain offers of insurance in a difficult market. The delegation authorizes the General Manager to purchase insurance consistent with the terms described above up to a not to exceed premium amount of \$3.7 million.
- (ii) Renew the Excess Workers' Compensation and Employers' Liability Insurance Program with Safety National, for a one-year term, in excess of a self-insured retention of \$1 million for each accident, with a \$25 million limit, for an annual premium of \$419,895;
- (iii) Renew the Public Officials'/Employment Practices Liability Insurance Program with Ironshore, for a one-year term, with a liability limit of \$2 million for each occurrence/annual aggregate. The program has a self-insured retention of \$250,000 for each Directors and Officers claim, and \$250,000 for Employment Practices Liability claims – the only exception being a \$500,000 self-insured retention for claims concerning Class Actions or Layoffs. The annual premium for this policy is \$186,540;
- (iv) Renew the Fiduciary Liability Insurance Program for the Other Public Employee Benefits (OPEB) Trust Board with Chubb Insurance Company for a one-year term, with a \$5 million limit for each occurrence, and a \$25,000 deductible, for an annual premium of \$15,168;
- (v) Renew the Crime Insurance program with F&D/Zurich Insurance Company, for the third-year of a three-year term with a \$25,000 deductible and \$1 million limit for an annual premium of \$4,724;
- (vi) Renew the three-year Environmental Liability program with Chubb with a \$5 million limit and a \$1 million sub-limit for Bioterrorism that covers expenses for the clean-up of decontamination. This policy includes a \$250,000 self-insured retention. The premium is \$66,789; and,

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- (vii) Renew the Cyber Liability Program with At Bay for a one-year-term. The program has a \$7 million limit, except for \$2 million for Ransomware attacks, and \$1 million for Social Engineering Fraud. The coverage has a \$50,000 self-insured retention with a premium of \$58,822.

The Finance-Auditing Committee also recommends that the Board of Directors approve the Property Insurance Program, effective July 1, 2021, as follows:

- (i) Renew the property insurance program with AIG for buildings and facilities for a premium of \$574,252, and also the excess earthquake and flood insurance program for a premium of \$139,460;
- (ii) Renew the Marin Transit Bus Property Damage Program with actual cash value basis and a deductible of \$50,000 with Markel for a premium of \$29,493; and,
- (iii) Continue to allocate monies to the Restricted Contingency Reserve for FY 21/22, in the amount of \$1.3 million, as self-insurance for costs associated with Bridge Physical Damage and Loss of Revenue.

These recommendations are made with the understanding that the requisite funds will be available in the approved FY 21/22 Operating Budget for the Bridge, Bus, Ferry and District divisions.

### **Action by the Board at its meeting of June 25, 2021 – Resolution** **NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

#### **(8) Annual Review of District’s 457(b) Deferred Compensation and 401(a) Defined Contribution Programs [50:27 Minutes Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report for informational purposes only and no action was taken.

#### **(9) Status Report on the FY 20/21 Budget [52:37 Minutes Mark on the Audio Recording]**

Auditor-Controller Joseph Wire presented the staff report, which was for informational purposes only and no action was taken. The FY 20/21 Adopted Budget is available on the District’s website at: <https://www.goldengate.org/documents>.

Director Theriault commented about the staff report.

A public comment was received from the following individual: [54:18 Minutes Mark on the Audio Recording]

- David Pilpel, San Francisco Resident



(10) **Approve Proposed FY 21/22 Operating and Capital Budget** [56:21 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report. He reviewed the highlights of what was included in the proposed FY 21/22 Budget as outlined on page 76. He summarized some of the key assumptions of the proposed budget as outlined on page 77, and noted that if these assumptions were not fulfilled, the District would have a funding shortfall. He summarized the recommendation as outlined on page 75.

Directors Theriault, Hernández and Mastin, and Chair Rabbitt inquired about the staff report. Director Theriault noted that it is important to consider the Budget a living document. Director Hernández inquired why there were no wage increases budgeted, and where the money would be found if future wage increases are approved. She expressed a preference for wage increases being included in the budget. Director Mastin asked if staff had considered that a fare increase could deter riders from returning to transit, and he asked about the financial implications of postponing the fare increase. Chair Rabbitt inquired about how many riders pay the full fare. He expressed his view that the Clipper Start program would continue. He spoke about MTC's principles and values for the American Rescue Plan Act (ARPA) funding.

Mr. Mulligan responded to the Directors' inquiries. He stated that District staff historically have not included items that are not yet approved in the proposed budget because the budget reflects the Board's policy decisions. He also stated that actual expenses often vary from what is projected, and when increases are approved, District staff usually identify available money within the budget to fund increases. He explained that staff does not always spend all budgeted funds and as a result, the unspent money can be used elsewhere. He proposed that the Board approve the budget with the understanding that District representatives are in negotiations with the Union Coalition about wage increases, and wage increases could be approved and added in the future. He clarified that historically the District's transit ridership has been inelastic. He noted that the District did implement the Clipper Start program, a means-based fare program that was recently extended. Mr. Wire confirmed that it was challenging for staff to develop transit ridership projections. He said that in the past, the Board had made a policy decision to attempt to spread out fare increases, and keep fares on par with expense increases. Mr. Mulligan added that a delay in a fare increase could affect the District's ability to pay for other expenses like employee costs. He stated that most riders pay the full fare, and only one third of the District's riders are low income. He outlined the profile of the District's typical rider.

A public comment was received from the following individual: [1:19:50 Hours Mark on the Audio Recording]

- David Pilpel, San Francisco County Resident

(a) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors COCHRAN/FREDERICKS** 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 FY 2021/2022 (FY 21/22) Proposed Operating and Capital Budget, as follows:

- (i) Authorize the following items as contained in the budget:
  - 1. District Goals, Projects, and Accomplishments;
  - 2. Changes to the Reserve Structure;
  - 3. Changes to the Table of Organization;
- (ii) No budgeted salary increase are included for any employees, since none have been negotiated;
- (iii) Authorize a Capital Contribution amount of \$21 million; and,
- (iv) Authorize the following items not currently included in the Proposed Budget but will be included in the Adopted Budget:
  - 1. Any Board approved actions through June 30, 2021 that have a fiscal impact to the FY 21/22 Capital and/or Operating Budget;
  - 2. Carryover any incomplete projects in the FY 20/21 Capital Budget to FY 21/22 as authorized by the General Manager;
  - 3. Move capital projects from the FY 22/23 list to the FY 21/22 budget, authorized by the General Manager, as staff resources become available in FY 21/22; and,
  - 4. Any final FY 20/21 budget transfers needed to comply with the Board's budget policy will be implemented in the FY 21/22 Adopted Budget Book.

**Action by the Board at its meeting of June 25, 2021 – Resolution**  
**NON-CONSENT CALENDAR**

**AYES (6):** Chair Rabbitt; Vice Chair Fredericks; Directors Cochran, Mastin and Theriault; President Pahre.

**NOES (0):** None.

**ABSENT (2):** Directors Grosboll and Stefani.

- (11) **Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Eleven Months Ending May 2021)** [1:24:21 Hours Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report, which was for informational purposes only and no action was taken.

- (12) **Monthly Review of Financial Statements (for Eleven Months Ending May 2021)** [1:25:17 Hours Mark on the Audio Recording]

- (a) Statement of Revenue and Expenses
- (b) Statement of Capital Programs and Expenditures

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Auditor-Controller Joseph Wire presented the staff reports, which were for informational purposes only and no action was taken.

**(13) Public Comment**

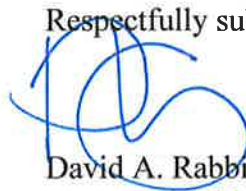
There was no "Public Comment."

**(14) Adjournment [1:26:52 Hours Mark on the Audio Recording]**

All business having been concluded Directors COCHRAN/FREDERICKS moved and seconded that the meeting be adjourned at 1:00 p.m.

**Carried**

Respectfully submitted,



David A. Rabbitt, Chair  
Finance-Auditing Committee

DAR:AMK:EIE:mjl