

June 23, 2022



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

Assembly Bill 361, signed by the Governor of the State of California on September 16, 2021, amends the Ralph M. Brown Act to allow Board members, staff, and the public to participate remotely in meetings, without complying with traditional teleconference meeting rules.

**These minutes are supplemented by the video recording that is posted online at:
<https://www.youtube.com/user/goldengatedistrict>.**

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

Honorable Members:

A meeting of the Finance-Auditing Committee/Committee of the Whole (Committee) of the Golden Gate Bridge, Highway and Transportation District (District) met in regular session held virtually/remotely on Thursday, June 23, 2022, at 10:47 a.m., Chair Rabbitt presiding.

- (1) **Call to Order:** 10:47 a.m. **[1:17:00 Hour Mark on the Video Recording]**
- (2) **Roll Call:** Secretary of the District Amorette M. Ko-Wong.

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

Committee Members Absent (2): Directors Grosboll and Hernández.

Other Directors Present (4): Directors Garbarino, Hill, Snyder and Thier.

Committee of the Whole Members Present (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

Committee of the Whole Members Absent (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni, and Stefani.

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

Staff Present: General Manager Denis Mulligan; Acting Auditor-Controller Jennifer Mennucci; District Engineer Ewa Bauer-Furbush; Secretary of the District Amorette Ko-Wong; Attorney Kimon Manolius; Deputy General Manager/Bridge Division David

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Rivera; Deputy General Manager/Bus Transit Division Mona Babauta; Deputy General Manager/Ferry Division James Swindler; Deputy General Manager/Administration and Development Kellee Hopper; 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 [1:20:03 Hour Mark on the Video Recording]

PFM Director Lesley Murphy said she had accepted a promotion at PFM, and she introduced Senior Managing Consultant Wale Kajopaiye who will be assuming her prior role. She said that Mr. Kajopaiye will be presenting the Investment Report next month. Mr. Kajopaiye said he looks forward to working with the District.

Ms. Murphy presented the Investment Report.

Chair Rabbitt expressed appreciation for Ms. Murphy's reports and work with the District. He said the Committee looks forward to working with Mr. Kajopaiye.

(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

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors approve the following actions:

- (i) There are no commitments and/or expenditures to ratify for the period of May 1, 2022 through May 31, 2022;
- (ii) Ratify investments made during the period May 10, 2022 through June 13, 2022;
- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing between June 13, 2022 and July 11, 2022 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 2022.

Action by the Board at its meeting of June 24, 2022 – Resolution
CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

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

(a) Authorize Budget Transfers and Adjustments to the FY 21/22 Operating Budget [1:34:14 Hour Mark on the Video Recording]

Acting Auditor-Controller Jennifer Mennucci presented the staff report.

(i) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors authorize operating budget transfers of \$6,000,000, or 2.5%, of total FY 21/22 Operating Budget Expenses as detailed in Attachment A of the staff report, and summarized below:

1. The Bridge Division will transfer \$1,725,000 between budget categories in the Bridge Division.
2. The Bus Transit Division will transfer \$2,980,000 between budget categories in the Bus Transit Division.
3. The Ferry Division will transfer \$350,000 between budget categories in the Ferry Division.
4. The District Division will transfer \$945,000 between budget categories in the District Division.

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 24, 2022 – Resolution
NON-CONSENT CALENDAR**

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

(b) **Budget Increase in the FY 22/23 Ferry Division Capital Budget for Project #2241, Ferry Vessel Rehab** [1:38:43 Hour Mark on the Video 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 PAHRE/COCHRAN** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors authorize a budget increase in the FY 22/23 Ferry Division Capital Budget for Project #2241, *FY22 Ferry Vessel Rehab*, in the amount of \$1,100,000, effective July 1, 2022.

Action by the Board at its meeting of June 24, 2022 – Resolution
NON-CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.
NOES (0): None.
ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

(c) **Budget Decrease in the FY 22/23 Ferry Division Capital Budget for Project #2340, Larkspur Ferry Terminal Berth and Channel Dredging – Construction** [1:43:45 Hour Mark on the Video Recording]

(i) **Action by the Committee**

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends, in concurrence with the Building and Operating Committee at its meeting on June 23, 2022, that the Board of Directors authorize a capital budget decrease in the amount of \$5,600,000 in Project #2340, *Larkspur Ferry Terminal Berth and Channel Dredging – Construction* project budget, associated with construction Contract No. 2022-F-083, *Larkspur Ferry Terminal Berths and Channel Maintenance Dredging*.

Action by the Board at its meeting of June 24, 2022 – Resolution
Refer to Building and Operating Committee meeting of June 23, 2022
NON-CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

(5) Authorize Actions Related to Grant Programs

(a) Approve Actions Relative to the State of Good Repair (SGR) Program
[1:45:49 Minutes Mark on the Video Recording]

Acting Auditor-Controller Jennifer Mennucci presented the staff report.

(i) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors approve actions necessary to secure FY 22/23 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):

1. Authorize the General Manager or his designee to execute for and on behalf of the District any documents necessary relative to the FY 22/23 SGR program; and,
2. Approve submission of the Ferry Division Capital Project #1940, *Purchase New Vessel*, for the FY 22/23 proposed project list to the Metropolitan Transportation Commission.

Action by the Board at its meeting of June 24, 2022 – Resolution
NON-CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

Director Mastin inquired about public comments on the item.

Ms. Ko-Wong responded to the Director's inquiry.

(6) **Approve Renewal of the Liability and Property Insurance Programs** [1:49:02
Minutes Mark on the Video Recording]

Deputy General Manager/Administration and Development Kellee Hopper presented the staff report.

[1:54:02 Minutes Mark on the Video Recording]

Director Hill inquired about international cyber security.

Ms. Hopper responded to the Director's inquiry.

(a) **Action by the Committee**

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors approve the Liability Insurance Program, effective July 1, 2022, as follows:

- (i) Delegate to the General Manager the authority to purchase the Excess General and Automobile Liability Insurance including Public Officials and Employment Practices Liability with Terrorism Risk Insurance Act (TRIA) coverage, for a not to exceed amount of \$4,535,721 for a one-year term. The Golden Gate Bridge, Highway and Transportation District's (District) insurance broker is still negotiating, with various potential insurers (some of which currently provide coverage to the District) Allied Public Risk, Berkley PE (Gemini), Inigo, MAP, AWAC, Vantage, Hiscox, Canopus, Convex, Hamilton Re, Aspen, Sompo, Apollo, Liberty, Munich Re, Hyland, Westfield, Westchester and others. The expiring program has a \$85 million limit and 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 District will look at a lower limit of \$75 million for premium savings. 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 more favorable offers in a difficult market. The delegation authorizes the General Manager to purchase insurance consistent with the terms described above for the not-to-exceed premium amount of \$4,535,721;
- (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 \$417,986;
- (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 \$500,000 for each Directors and Officers claim, and \$500,000 for Employment Practices Liability claims – the only exception being a \$1,000,000 self-insured retention for claims concerning Class Actions or Layoffs. The annual premium for this policy is \$222,960;

- (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 \$15,105;
- (v) Renew the Crime Insurance Program with F&D/Zurich Insurance Company, for the first-year of a three-year term with a \$25,000 deductible and \$1 million limit for an annual premium of \$4,231; and,
- (vi) Renew the Cyber Liability Program with Resilience for a one-year-term. The program has a \$2 million limit and \$250,000 for Social Engineering Fraud. The coverage has a \$250,000 self -insured retention with a premium of \$96,616.

The Finance-Auditing Committee also recommends that the Board of Directors approve the Property Insurance Program, effective July 1, 2022, as follows:

- (i) Renew the property insurance program with AIG for buildings and facilities with a \$250,000 deductible for a premium of \$652,862, and the excess earthquake and flood insurance program for a premium of \$153,492;
- (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 \$29,494; and,
- (iii) Continue to allocate monies to the Restricted Contingency Reserve, for FY 22/23, 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 are available in the approved FY 22/23 Operating Budget for the Bridge, Bus, Ferry and District divisions.

**Action by the Board at its meeting of June 24, 2022 – Resolution
NON-CONSENT CALENDAR**

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

- (7) **Authorize Execution of the Seventh Amendment to Contract No. 2019-D-067, *Interim Temporary Staffing Services, with Techie Brains, Inc.* [1:56:07 Hour Mark on the Video Recording]**

Acting Auditor-Controller Jennifer Mennucci presented the staff report.

The following individual spoke under public comment: **[1:58:09 Hour Mark on the Video Recording]**

- David Pilpel, San Francisco Resident

[2:00:54 Hours Mark on the Video Recording]

Mr. Mulligan and Ms. Mennucci responded to the public comments.

Chair Rabbitt added to the staff response, and stated that many organizations are having difficulties with recruiting people to fill open positions.

(a) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors take the following actions relative to the *Kronos Timekeeping Project* and its integration with the *Enterprise Resource Planning (ERP) System Replacement Project* (Capital Project No. 1810):

- (i) Authorize execution of the Seventh Amendment to Contract No. 2019-D-067, *Interim Temporary Staffing Services*, with Techie Brains, Inc., (Techie Brains) of Normal, IL to increase the not-to-exceed contract amount by \$130,000 (from \$350,000 to \$480,000). Funding is available in the existing capital and future operating budgets; and,
- (ii) Authorize the General Manager to approve future amendments to the agreement with Techie Brains if deemed in the Golden Gate Bridge, Highway and Transportation District's best interest and if funds are available in the District's Capital/Operating Budget.

Action by the Board at its meeting of June 24, 2022 – Resolution
NON-CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

(8) Status Report on the FY 21/22 Budget **[2:03:24 Hours Mark on the Video Recording]**

Acting Auditor-Controller Jennifer Mennucci presented the staff report, which was for informational purposes only and no action was taken. She stated that staff anticipates the District will use one-time funding from the American Rescue Plan first tranche of \$57.7 million and second tranche of \$6 million during FY 21/22. She also spoke about the District's revenue from Bridge traffic, which is higher than budgeted, and Bus and Ferry transit ridership, which is lower than budgeted.

The following individual spoke under public comment: **[2:05:05 Hours Mark on the Video Recording]**

- David Pilpel, San Francisco Resident

(9) Approve Proposed FY 22/23 Operating and Capital Budget **[2:06:09 Hours Mark on the Video Recording]**

Chair Rabbitt expressed appreciation for having a month in which to review the proposed FY 22/23 Budget.

Acting Auditor-Controller Jennifer Mennucci presented the staff report. She reviewed the staff recommendation, and pointed out the Questions and Answers section of the report.

[2:09:17 Hours Mark on the Video Recording]

Chair Rabbitt expressed appreciation for the report, and staff's work on the budget. He noted that the pandemic has made the budgeting process more challenging.

President Theriault expressed appreciation for staff's commitment to the language he asked be added to the budget.

Director Mastin inquired about the transit ridership projections outlined on page 3 of the staff report and page 63 of the agenda packet.

A public comment was received from the following individual: **[2:11:42 Hours Mark on the Video Recording]**

- David Pilpel, San Francisco Resident

Chair Rabbitt commented about the difficulties forecasting the future, and inquired about how the District reflects open positions in the budget.

Ms. Mennucci and Mr. Mulligan responded to the inquiries.

(a) Action by the Committee

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

RECOMMENDATION

**FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE WHOLE
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The Finance-Auditing Committee/Committee of the Whole recommends that the Board of Directors approve the Fiscal Year 2022/2023 (FY 22/23) 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) Include salary increases for the Coalition and Non-Represented employees. Salary increases for ATU-represented employees are to be negotiated;
- (iii) Authorize a Capital Contribution amount of \$21 million;
- (iv) Authorize budget increases for four Capital Projects by a total of \$8,477,000, to be funded with 100% District Reserves; and,
- (v) 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, 2022 that have a fiscal impact to the FY 22/23 Capital and/or Operating Budget;
 - 2. Carryover any incomplete projects in the FY 21/22 Capital Budget to FY 22/23 as authorized by the General Manager;
 - 3. Move any capital projects from the FY 23/24 list to the FY 22/23 budget, authorized by the General Manager, as staff resources become available in FY 22/23; and,
 - 4. Any final FY 21/22 budget transfers needed to comply with the Board's budget policy will be implemented in the FY 22/23 Adopted Budget Book.

**Action by the Board at its meeting of June 24, 2022 – Resolution
NON-CONSENT CALENDAR**

AYES (10): Directors Garbarino, Giudice, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Theriault.

NOES (0): None.

ABSENT (6): Directors Arnold, Conroy, Grosboll, Hernández, Rodoni and Stefani.

(10) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Ten Months Ending April 2022 and Eleven Months Ending May 2022) [2:18:34 Hours Mark on the Video Recording]

Acting Auditor-Controller Jennifer Mennucci presented the staff report, which was for informational purposes only and no action was taken.

(11) Monthly Review of Financial Statements (for Ten Months Ending April 2022 and Eleven Months Ending May 2022)

(a) Statement of Revenue and Expenses

(b) Statement of Capital Programs and Expenditures