

January 26, 2023



**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, January 26, 2023, at 11:01 a.m., with Chair Rabbitt presiding.

- (1) **Call to Order:** 11:01 a.m. **[00:26 Minutes Mark on the Video Recording]**
- (2) **Roll Call:** Secretary of the District Amorette M. Ko-Wong. **[01:06 Minutes Mark on the Video Recording]**

Committee Members Present (8): Chair Rabbitt; Vice Chair Pahre; Directors Cochran, Giudice, Grosboll, Hernández and Rodoni; President Thériault.

Committee Members Absent (0): None.

Other Directors Present (5): Directors Garbarino, Hill, Mastin, Snyder and Thier.

Committee of the Whole Members Present (13): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Rodoni, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

Committee of the Whole Members Absent (2): Directors Conroy and Stefani.

[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;

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Attorneys Madeline Chun and Kimon Manolius; Deputy General Manager/Bridge Division David Rivera; Deputy General Manager/Bus Transit Division Mona Babauta; Deputy General Manager/Administration and Development Kellee Hopper; Director of Capital and Grant Programs Amy Frye; Chief Technology Director Fang Lu; Director of Planning Ron Downing; Director of Accounting Cody Smith; Director of Risk Management and Safety Kelli Vitale; 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 [03:23 Minutes Mark on the Video Recording]

PFM Senior Managing Consultant Wale Kajopaiye presented the Investment Report.

[11:13 Minutes Mark on the Video Recording]

Chair Rabbitt expressed appreciation for the report and spoke about economists' disagreement about a possible recession.

(a) 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 approve the following actions:

- (i) There are no commitments and/or expenditures to ratify for the period of December 1, 2022 through December 31, 2022;
- (ii) Ratify investments made during the period December 6, 2022 through January 16, 2023;
- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing between January 16, 2023 and February 13, 2023 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 December 2022.

Action by the Board at its meeting of January 27, 2023 – Resolution
CONSENT CALENDAR

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AYES (13): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Rodoni, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (2): Directors Conroy and Stefani.

[Director Rodoni departed]

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

(a) Budget Increase in the FY 22/23 Ferry Division Capital Budget for Project #2042, Larkspur Ferry Service & Parking Expansion Environmental Clearance and Preliminary Design Study [13:51 Minutes Mark on the Video Recording]

(i) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors GIUDICE/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 January 26, 2023, that the Board of Directors authorize a budget increase in the amount of \$1,043,086 in the FY 22/23 Ferry Division Capital Budget for Project #2042, *Larkspur Ferry Service & Parking Expansion Environmental Clearance and Preliminary Design Study*, for a total project budget of \$4,191,512.

Action by the Board at its meeting of January 27, 2023 – Resolution
Refer to Building and Operating Committee Meeting of January 26, 2023
NON-CONSENT CALENDAR

AYES (12): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (3): Directors Conroy, Rodoni and Stefani.

(5) Authorize Actions Related to Grant Programs

(a) Approve Actions Relative to Federal and State Disaster Assistance [15:39 Minutes Mark on the Video Recording]

Director of Capital and Grant Programs Amy Frye spoke about the extensive work that led up to the District receiving \$400 million grant funding for the Seismic Retrofit project

earlier that month, and acknowledged the contributions of numerous departments including the General Manager's office, District Secretary's office, Engineering department, and the District's consultants WSP.

She presented the staff report, and acknowledged the work of her staff, the Capital and Grant Programs department, and Accounting and Procurement departments on the disaster assistance applications.

[19:21 Minutes Mark on the Audio Recording]

Chair Rabbitt and Directors Mastin and Pahre expressed appreciation for staff's effort to obtain the disaster assistance grant funding.

Director Mastin inquired about the slide referenced on page 1 of the staff report (page 29 of the meeting packet).

Ms. Frye responded that the slide occurred on Alexander Avenue outside of Sausalito.

(i) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors HERNÁNDEZ/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 approve the following actions relative to the Golden Gate Bridge, Highway and Transportation District's application for federal and state disaster financial assistance under Public Law 93-288:

- (1) Designate the General Manager, Director of Risk Management and Safety and Director of Capital and Grant Programs or designee(s) to submit and file Public Assistance applications with the Federal Emergency Management Agency (FEMA) and the California Governor's Office of Emergency Services (Cal OES) for Federal and State disaster financial assistance as the Authorized Agents; and,
- (2) That the Designations will be effective for three years as authorized by Cal OES.

Action by the Board at its meeting of January 27, 2023 – Resolution
NON-CONSENT CALENDAR

AYES (12): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (3): Directors Conroy, Rodoni and Stefani.

(6) **Authorize the Setting of a Public Hearing to Receive Comments on a Proposed Five-Year Fare Program for Fiscal Years 2023/24 Through 2027/28** [20:47 Minutes Mark on the Audio Recording]

Director of Planning Ron Downing presented the staff report. He highlighted that the schedule is more aggressive than usual because the Metropolitan Transportation Commission (MTC) is requesting information one month earlier than in the past. He reviewed the possible scenarios for bus and ferry fare increases.

Mr. Mulligan stated that this item will initiate a public process and collect input from riders. He reviewed additional reasons why staff are proposing different fares in different counties.

[40:32 Minutes Mark on the Video Recording]

Director Mastin suggested that District staff also consider publicizing the public hearing in Spanish and English in Napa, Mendocino and Del Norte County publications. He stated that he believes a \$0.25 increase is a simple and easy way to explain the fare increase. He asked for additional information about Sonoma County's contributions to the District's revenue.

Director Snyder requested further information on the District's projected deficit. He inquired about Sonoma County's and City and County of San Francisco's contributions to the District's revenue. He commented about the possibility of San Francisco contributing more to the District.

Chair Rabbitt commented on the Sonoma County funding sources. He inquired about how Clipper 2.0 could affect the District's fare program, and the percentage of ridership that receives some type of discount.

Mr. Downing stated the District's five-year deficit is projected to be \$423 million. Mr. Wire reviewed the District's revenue sources, and historical approach to fare increases. He indicated that the fare increase would offset a small and important piece of the District's losses. He confirmed that Sonoma County contributes Transportation Development Act (TDA) funding to the District. Mr. Mulligan said that when Clipper 2.0 is available the District could return to the Board and review the District's fares. He indicated that staff would provide additional information about discounted fares in the future.

The following individual spoke under public comment: **[50:47 Minutes Mark on the Video Recording]**

- David Pilpel, San Francisco Resident

(a) **Action by the Committee**

Staff recommended and the Committee concurred by motion made and seconded by **Directors GIUDICE/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 the setting of a public hearing for the purpose of receiving public comments on a proposal to establish a five-year fare program for FY 2023/24-2027/28. The proposed program would increase bus, ferry, and paratransit fares annually, to support rising operating expenses, effective July 1, 2023, and each subsequent July 1 through July 1, 2027. The public hearing would take place virtually on Thursday, February 23, 2023, at 9:00 a.m.

Action by the Board at its meeting of January 27, 2023 – Resolution
NON-CONSENT CALENDAR

AYES (12): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (3): Directors Conroy, Rodoni and Stefani.

(7) Approve Actions Relative to Project No. 1960, Farebox System Upgrade [54:12 Minutes Mark on the Audio Recording]

Chief Technology Director Fang Lu and Director of Planning Ron Downing presented the staff report. Mr. Downing reviewed background information and outlined reasons for the software upgrade. Ms. Lu outlined the recommendation and explained why the upgrade and additional funding is necessary.

Mr. Mulligan clarified that the fareboxes are devices that collect cash from riders and the District's current hardware and software is considered quite old.

[1:04:41 Hour Mark on the Video Recording]

Director Hill inquired about the capabilities of the fareboxes.

Director Hernández thanked Ms. Lu and Mr. Downing for the report. She observed the District has had hardware, software and service failures. She inquired about the research staff has done to investigate other vendors.

Director Giudice commented about point-of-sale systems. He inquired if staff was requesting sufficient budget for the fareboxes cost and support.

Mr. Downing, Mr. Mulligan and Ms. Lu responded to the Directors' inquiries. Mr. Downing explained the District's history contracting with Genfare. Mr. Mulligan added

that the District had been attempting to use old hardware which is not necessarily able to function well in a more modern world and is no longer supported. Ms. Lu stated that the proposed budget is based on a Genfare proposal and includes a 20% contingency and staff has confidence the budget is sufficient.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors PAHRE/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 take the following actions relative to Contract No. 2021-D-70, *Genfare GFI Software System Upgrade*, as follows:

- (i) Authorize a budget increase in the FY 22/23 District Division Capital Budget in the amount of \$136,234, relative to Capital Project No. 1960, *Farebox System Upgrade*, for a total project cost of \$729,612; and,
- (ii) Authorize the General Manager, or his designee, to amend Contract 2021-D-70 to increase the contract amount by \$113,528 for a new total of \$574,775 to purchase additional hardware, software and services, and increase the contract contingency amount by \$22,706 for a new total of \$76,602.

Action by the Board at its meeting of January 27, 2023 – Resolution
NON-CONSENT CALENDAR

AYES (12): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (3): Directors Conroy, Rodoni and Stefani.

(8) Receive the Independent Auditor's Single Audit Report for the Year Ending June 30, 2022, as Submitted by Eide Bailly, LLP [1:11:22 Hour Mark on the Audio Recording]

Director of Accounting Cody Smith introduced the staff report and indicated that Ahmad Gharaibeh of Eide Bailly, LLP would provide additional technical information. He expressed appreciation for those who contributed to the Audit Report including staff of the Accounting, Budget and Procurement departments.

Mr. Gharaibeh explained the Single Audit Report is the last component of the audit (FY

2021/2022 Annual Comprehensive Financial Report) and is separated from the rest of the audit due to rigorous funding requirements. He said that he and his team issued a clean opinion on the requirements and internal controls, and have no exceptions to report with respect to compliance.

[1:14:05 Hour Mark on the Video Recording]

Chair Rabbitt expressed appreciation for the report.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors GIUDICE/HILL** 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 receive the Independent Auditor's Single Audit Report for the year ending June 30, 2022, as submitted by Eide Bailly, LLP.

Action by the Board at its meeting of January 27, 2023 – Resolution
NON-CONSENT CALENDAR

AYES (12): Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rabbitt, Snyder and Thier; Second Vice President Hill; First Vice President Cochran; President Thériault.

NOES (0): None.

ABSENT (3): Directors Conroy, Rodoni and Stefani.

(9) Status Report on the FY 22/23 Budget [1:15:38 Hour Mark on the Video Recording]

Auditor-Controller Joseph Wire presented the staff report, which was for informational purposes only and no action was taken. He highlighted that the report is very similar to the prior month.

The following individual spoke under public comment: **[1:16:29 Hour Mark on the Video Recording]**

- David Pilpel, San Francisco Resident

(10) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Five and Six Months Ending November 2022 and December 2022) [1:17:59 Hour Mark on the Video Recording]

Auditor-Controller Joseph Wire presented the staff report, which was for informational purposes only and no action was taken. He pointed out page 113, and reviewed the Bridge traffic, and bus and ferry ridership results, and associated revenue through December. He

pointed out that all areas are performing higher than budgeted.

(11) **Monthly Review of Financial Statements (for Five and Six Months Ending November 2022 and December 2022)** [1:20:07 Hour Mark on the Video Recording]

(a) **Statement of Revenue and Expenses**

(b) **Statement of Capital Programs and Expenditures**

Auditor-Controller Joseph Wire presented the staff reports, which were for informational purposes only and no actions were taken. He reviewed the changes in revenues and expenses from prior years on page 120. He stated that District expenses are about \$2.5 million more than revenues through December on page 120. He noted that at this time the District has a deficit of about \$9.2 million, and this deficit would be covered by one-time funding.

He highlighted progress made on capital projects as outlined on page 138.

(12) **Review of the District's FY 22/23 Second Quarterly Report of Judgments or Settled Claims** [1:23:53 Hour Mark on the Audio Recording]

Director of Risk Management and Safety Kelli Vitale presented the staff report, which was for informational purposes only and no action was taken.

(13) **Review of the Auditor-Controller's FY 22/23 Second Quarterly Report on Authorized Budget Adjustments and Budget Transfers Under the General Manager's Authority** [1:24:39 Hour Mark on the Video Recording]

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

(14) **Review of the Auditor-Controller's FY 22/23 First Quarterly Report on Procurement Actions Under the General Manager's Authority**

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

Chair Rabbitt stated that he would like to take Public Comment before the Closed Session.

(15) **Public Comment** [1:25:47 Hour Mark on the Video Recording]

There were no public comments.

(16) **Closed Session** [1:26:02 Hour Mark on the Video Recording]

Attorney Kimon Manolius, at the request of Chair Rabbitt, stated that the Committee would convene in Closed Session, as permitted by the Brown Act, to discuss the following matter listed on the Agenda as Item No. 15(a):

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- (a) Conference with Legal Counsel – Existing Litigation
Pursuant to Government Code Section 54956.9(a)
Report of Athens Administrators, Inc.
(i) *Sandra Sanders v. Golden Gate Bridge, Highway and Transportation District.*

[00:24 Minutes Mark on the Closing Video Recording]

After Closed Session, Chair Rabbitt called the meeting to order in Open Session with a quorum present. Attorney Kimon Manolius stated that the Committee had met in Closed Session, as permitted by the Brown Act, to discuss the above listed matter. He reported that the Committee gave guidance to legal counsel about how to proceed with the matter.

(17) Adjournment [00:45 Minutes Mark on the Video Recording]

Director Hill expressed appreciation for Mr. Downing's presentations of that day.

All business having been concluded Directors PAHRE/SNYDER moved and seconded that the meeting be adjourned at 12:34 p.m.

Carried

Respectfully submitted,



David Rabbitt, Chair
Finance-Auditing Committee

DAR:AMK:EIE:tnm