



March 25, 2005
(For Board: April 8, 2005)

**REPORT OF THE GOVERNMENTAL AFFAIRS
AND PUBLIC INFORMATION COMMITTEE/
COMMITTEE OF THE WHOLE**

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

Honorable Members:

A meeting of the Governmental Affairs and Public Information Committee/Committee of the Whole was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Friday, March 25, 2005, at 9:30 a.m., Chair Boro presiding.

Committee Members Present (7): Chair Boro; Directors Dufty, Harrison, Kerns, Reilly and Sandoval; President Middlebrook (Ex Officio)

Committee Members Absent (2): Vice Chair Martini; Director McGoldrick

Other Members Present (5): Directors Cochran, Eddie, Pahre, Smith and Stroeh

Committee of the Whole Members Present (12): Directors Cochran, Dufty, Eddie, Kerns, Pahre, Reilly, Sandoval, Smith and Stroeh; Second Vice President Boro; First Vice President Harrison; President Middlebrook

Committee of the Whole Members Absent (7): Directors Ammiano, Brown, Hernández, Martini, McGoldrick, Murray and Shahum

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; Deputy General Manager/Administration and Development Teri W. Mantony; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: Anthony R. Withington, President, Amalgamated Transit Union, Local No. 1575; Lewis Lee Lem, Transportation Policy Manager, California State Automobile Association

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1. Status Report on State/Federal Legislation

General Manager Celia Kupersmith reported on the status of the following federal legislation:

- Transportation Equity Act: A Legacy for Users (TEA-LU) – She stated that this federal transportation funding bill, a reauthorization of the Transportation Equity Act for the 21st Century (TEA-21), was passed by the U.S. House of Representatives on March 10, 2005. She noted that TEA-LU includes annual allocations of \$10 million for the Golden Gate Bridge Seismic Retrofit project through the Bridge Discretionary Fund. She also stated that Congresswoman Nancy Pelosi increased from \$10 million to \$11 million, an additional \$1 million allocation for the Seismic Retrofit project contained in TEA-LU. She remarked that since the current bill is back-dated to Fiscal Year 2004, the District will receive a total of \$51 million (\$10M per year for four years, plus \$11M) for the Seismic Retrofit project over the next four years until TEA-LU expires in September 2009. Ms. Kupersmith further noted that as TEA-LU proceeds through the U.S. Senate, Senator Barbara Boxer has lobbied hard for language in the bill that could possibly provide an additional \$50 million in federal funding for the Seismic Retrofit project.

Ms. Kupersmith reported on the status of the following state legislation:

- Senate Bill 238 – She stated that while there has been no new activity during the past two weeks, the District remains supportive of State Senator Carole Migden's efforts regarding SB 238, the bill that will implement, on a permanent basis, the Safety Enhancement-Double Fine Zone on the Golden Gate Bridge.

Action by the Board – None Required

2. Approve Position Concerning Assembly Constitutional Amendment 5 (ACA 5) Relative to Public Employee Pension Plans

In a memorandum to Committee, Deputy General Manager/Administration and Development Teri Mantony and General Manager Celia Kupersmith reported on two proposed items of legislation, Assembly Constitutional Amendment 5 (ACA 5) and Assembly Constitutional Amendment 1X (ACA 1X). ACA 5 and ACA 1X would amend the California State Constitution to prohibit any newly hired public employee, including future Golden Gate Bridge, Highway and Transportation District (District) employees, from enrollment in a defined benefit public pension plan beginning July 1, 2007. The report described the differences between defined benefit plans and defined contribution plans, as follows:

- Defined Benefit Plans: These plans provide participants a predictable, lifetime benefit based upon a participant's years of service under the plan, retirement formula factor, and age. Most District employees are covered under California Public Employees Retirement System (CalPERS) Plan investments are managed by professional investment staff. If the investment returns are below the plan's assumed rate of return, employers are liable for the additional assets needed to

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fund the defined benefit. If investment returns exceed the assumed rate of return, the excess reduces employer costs.

- Defined Contribution Plans: These plans provide participants a benefit based upon the contributions by the participants, any employer contributions, and investment gains or losses. The employer or the participants may be responsible for the plan's administrative expenses, but investment management fees are typically paid by the participant. Benefits can be paid out in monthly payments until the assets are depleted, a lump-sum payment of account assets, or with a private annuity that pays a monthly benefit for a fixed period. In addition to participant contributions, most defined contribution plans permit employer contributions, which participants "own" after a specified vesting period. No death or disability benefits are provided in a defined contribution plan.

The report further described the proposed changes envisioned by ACA 5, which would establish the California Public Employee Defined Contribution Plan and prohibit public agency employees from enrolling in a defined benefit plan that provides a benefit based on age, service and final compensation. The report noted that ACA 1X is nearly identical to ACA 5, with the exception of not limiting employer contributions to the defined contribution plan. The report stated that the proposed legislation does not include details regarding the purpose of governance of this defined contribution plan, and does not define the fixed percentage to which employer contributions would be limited. A copy of the report, including the status and text of the proposed legislation, is available in the Office of the District Secretary.

Discussion ensued, including the following:

- Chair Boro stated that this agenda item had been suggested by Director Sandoval at the February meeting of this Committee, and noted that the matter of public employee pension plans has recently been the subject of debate in both the legislature and the public arena, with Governor Schwarzenegger proposing a ballot initiative on the matter. Chair Boro recommended that the Committee delay action on taking a position regarding ACA 5 and ACA 1X until more information is available regarding the proposed legislation. He cautioned the Committee against taking premature action that may be perceived as opposition to public pension reform in general.
- Director Cochran stated that he had recently met with Assemblyman Johann Klehs, Chair of the Revenue and Taxation Committee, who expressed an opinion that ACA 5 and ACA 1X would have difficulty passing in the Assembly, due to the omission of certain provisions such as survivor benefits.
- President Middlebrook concurred with Chair Boro that it might be prudent for the Board to postpone taking a position on the proposed legislation until more information is available.

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- Director Sandoval commented that it would be timely for the Committee to approve at this time a position of opposition to the proposed legislation, which would take away the self-determination of California public agencies to choose the type of pension plan for public employees. He described the history of the CalPERS trust fund, noting that through diverse investments in a variety of financial instruments and equities, CalPERS and other public employee retirement funds control trillions of dollars in assets of private companies. He stated that ACA 5 and ACA 1X arose from the perception that CalPERS payouts to public employees are a burden on California tax payers, when in reality, approximately 90% of CalPERS payouts over the past 30 years have come from either employee contributions to the trust fund or investment returns. He also noted that there is also growing opposition to the impact of public sector pension system investments controlling so much of the private sector.
- Director Kerns stated that the goal of the proposed legislation is clear, and that if passed, there would be a definite financial impact on public agencies, who would be obligated to fund pension obligations without the revenue source from new employee contributions. He urged the Committee to take a position of opposition to ACA 5 and ACA 1X, since proponents are currently gathering signatures for a ballot initiative, whether or not the legislature passes ACA 5 and ACA 1X. He proposed a motion that would oppose the legislation without opposing pension reform in general.
- In response to an inquiry by Director Harrison as to how many District employees would be affected if the legislation passes, Chair Boro stated that he understands all District employees would be affected, as would the agency as a whole be impacted financially without contributions to the pension plan by new employees.
- Director Smith expressed his support for taking a position of opposition to ACA 5 and ACA 1X, noting that while some pension reform may be appropriate, the reforms proposed in the legislation are too extreme.

Following discussion by the Committee, the Committee concurred by motion made and seconded by **Directors KERNS/HARRISON** to forward the following recommendation to the Board of Directors for its consideration:

RECOMMENDATION

Although not opposed to the concept of public pension reform, the Governmental Affairs and Public Information Committee recommends that the Board of Directors approve a position of opposition to Assembly Constitutional Amendment 5 and Assembly Constitutional Amendment 1X relative to public employee pension plans.

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

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AYES (12): Directors Cochran, Dufty, Eddie, Kerns, Pahre, Reilly, Sandoval, Smith and Stroeh; Second Vice President Boro; First Vice President Harrison; President Middlebrook

NOES (0): None

[The above recommendation was forwarded to the Board of Directors meeting of March 25, 2005.]

3. Status Report from the Board Appointee on the San Francisco Bay Area Water Transit Authority (WTA)

Chair Boro, the San Francisco Bay Area Water Transit Authority (WTA) Board Appointee, provided a status report on recent activities of the WTA. The agenda for the March 24, 2005, meeting of the WTA Board of Directors; the agenda for the March 8, 2005, meeting of the Administrative/Finance/Legislative Committee; and, notices of cancellation for the March 9, 2005 meetings of the Planning and Development Committee and the Operations Committee were furnished to the Committee. In addition, the minutes of the January 27, 2005, and December 9, 2004, meetings of the WTA Board of Directors were also furnished to the Committee. Copies are available in the Office of the District Secretary.

Chair Boro provided an update on the status and implementation timeline for the WTA's proposed new ferry routes, a copy of which was distributed to Committee members at the meeting. He also distributed a copy of a Port Sonoma slide show presentation that was provided to WTA Board members at the March 24, 2005 meeting. He noted that following his request to the WTA Board last month, Port Sonoma is now included on the implementation schedule of potential WTA ferry routes. He noted that at this point, WTA has not secured any funding for Port Sonoma beyond the initial \$1 million in Regional Measure 2 funding for Port Sonoma feasibility studies. He stated that perhaps Sonoma and Marin counties can consider contributing local funding towards development of a Port Sonoma terminal, as other communities are doing at other proposed WTA terminals around the Bay Area. Copies of the Port Sonoma slide show presentation, as well as copies of the WTA implementation schedule, are available in the Office of the District Secretary.

Chair Boro further reported that the preliminary work has begun on the Environmental Impact Report (EIR) for the South San Francisco terminal and that at its March 24, 2005 meeting, the WTA Board approved the selection of Roma Design Group for architectural and engineering services for the South San Francisco terminal. He also stated that WTA has committed capital funding and contracted with NEXTbus, a company that provides real time ferry arrival information signage equipment, software and installation services, with a technology similar to that used by BART to inform passengers of the anticipated arrival time of the next train. WTA will be funding implementation and the first year's maintenance of the NEXTbus system for Golden Gate Ferry, Vallejo BayLink Ferry and the Oakland-Alameda Ferry.

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Discussion ensued, including the following:

- In response to an inquiry from President Middlebrook as to whether WTA would be actually operating ferries on its planned routes, Chair Boro answered in the affirmative. In addition, he stated that the City of Alameda has approached WTA to take over operations of its Oakland-Alameda ferry route, but that certain issues related to the existing ferry service deficit are still under discussion. He further stated that the WTA is also discussing whether it would be practical to adopt a 50% farebox recovery goal for the WTA's planned ferry service.
- Director Kerns commented that he is pleased that Port Sonoma is being seriously considered for a potential ferry terminal, since the success of future rail service through the Highway 37 corridor by the Sonoma-Marin Area Rail Transit District would be dependent upon connectivity with other modes of transit, including ferry service, and that a Port Sonoma ferry terminal would be a critical point of transit connectivity.

Action by the Board – None Required

4. Public Comment

There was no public comment.

5. Adjournment

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

Respectfully submitted,

Albert J. Boro, Chair
Governmental Affairs and
Public Information Committee

AJB:JST:KBE:kbe