



(For Board Meeting of March 28, 2008)

SUMMARY OF RECOMMENDATIONS
MEETING OF THE FINANCE-AUDITING COMMITTEE/
COMMITTEE OF THE WHOLE
THURSDAY, MARCH 27, 2008
(CHAIR J. DIETRICH STROEH)

Item No. 1

Authorize a budget adjustment in the FY 07/08 Bus Transit Division Capital Budget in the amount of \$45,465, for the purchase of a filter cleaning station at the San Rafael Bus Facility.

Action by the Board – Resolution

Item No. 2

Approve actions relative to the renewal of the Property Insurance Program, as outlined in the staff report.

Action by the Board – Resolution

Item No. 3

Receive the independent auditor's reports for the year ending June 30, 2007, as submitted by Macias Gini & O'Connell LLP, for the following reports: a) The Financial Statements of the Supplemental Retirement Plan and Trust; and, b) The Single Audit Reports.

Action by the Board – Resolution



Agenda Item No. 2.a.

To: Finance-Auditing Committee/Committee of the Whole
Meeting of March 27, 2008

From: Gene Walker, Maintenance Manager, Bus Division
Susan C. Chiaroni, Deputy General Manager, Bus Division
Celia G. Kupersmith, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
a) BUDGET ADJUSTMENT IN THE FY 07/08 BUS TRANSIT DIVISION
CAPITAL BUDGET FOR THE PURCHASE OF A FILTER CLEANING
STATION AT THE SAN RAFAEL BUS FACILITY

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors approve a budget adjustment in the FY 07/08 Bus Transit Division Capital Budget, in the amount of \$45,465, relative to the purchase of a Bus Filter Cleaning Station at the San Rafael Bus Facility.

Summary

The adopted the FY 07/08 10-Year Capital Plan, includes funds for a Filter Cleaning Station at the San Rafael Bus Facility as part of the Particulate Matter (PM) Traps project, which is 80 percent federally funded and 20 percent District funded. The project was programmed to occur approximately two years into the future.

The Bus Transit Division now desires to move forward the project and proceed at this time with purchase of the Filter Cleaning Station for \$56,831.25 and an increase in the Bus Division Capital Budget in the amount of \$45,465 is required at this time. The balance required to purchase this equipment, \$11,366.25, is included in the FY 07/08 Bus Division Capital Budget through savings from FY 07/08 capital equipment purchases. Federal funds in the amount of \$45,465 have been secured to support this purchase.

The procurement of the Filter Cleaning Station is being conducted through a sole source methodology consistent with District policy and already approved by the District's attorney. Procurement of the Filter Cleaning Station, with the resulting in-house cleaning capability, will result in an annual cost savings of \$30,000.

As part of the District's commitment to comply with California Air Resources Board regulations relative to nitrous oxide (NOx) and PM, the Bus Maintenance Department has purchased and

installed forty-six (46) high efficiency diesel particulate filters on Golden Gate Transit MCI buses. The filters reduce NOx by 25 percent – 30 percent and PM by 85 percent.

A key component to the efficient, long lasting operation of the filters is proper maintenance. Annual cleaning or de-ash maintenance is required to keep the filters in good working order. Currently the filter cleaning process is outsourced and has proven to be costly as well as time prohibitive, due to long lead times by the contractor. The Filter Cleaning Station the District is interested in procuring will allow the District to thoroughly clean the filters itself at a considerable savings.

Fiscal Impact

This item authorizes an increase to the FY 07/08 Bus Transit Division's Capital Budget in the amount of \$45,465. The total cost of the Filter Cleaning Station is \$56,831.25, and is 80 percent (\$45,465) federally funded and 20 percent (\$11,366.25) District funded. The \$11,366.25 local share is available in the Bus Transit Division's FY 07/08 Capital Budget.



Agenda Item No. 4

To: Finance-Auditing Committee/Committee of the Whole
Meeting of March 27, 2008

From: William L. Stafford, Director of Risk Management/Safety
Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO THE RENEWAL OF THE
PROPERTY INSURANCE PROGRAM**

Recommendation

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

1. Approve the District's Building & Facilities Insurance Program with \$45 million of coverage, including \$20 million coverage for earthquake and flood subject to deductibles, with Lexington, Arch Specialty, Essex, Integon, and Homeland Insurance Cos. for a renewal premium of \$536,237, for a one-year term, effective April 8, 2008, through April 7, 2009 with the understanding that requisite funds are available in the FY 07/08 Bridge, Bus, Ferry and District Division Operating Budgets and that requisite funds will be budgeted in the appropriate division operating budgets for FY 08/09;
2. Renew Boiler & Machinery Insurance with Hartford Steam Boiler for \$2,556, for a one-year term, effective April 8, 2008, through April 7, 2009 with the understanding that requisite funds are available in the FY 07/08 Bridge, Bus, Ferry and District Division Operating Budgets and that requisite funds will be budgeted in the appropriate division operating budgets for FY 08/09; and,
3. Continue to allocate monies to the Restricted Contingency Reserve, for FY 08/09, in the amount of \$1,300,000, as self-insurance for costs associated with Bridge Physical Damage and Loss of Revenue, with the understanding that requisite funds are available in the FY 07/08 approved budget and will be budgeted for FY 08/09.

Summary

District Buildings & Facilities Program

The District's Bridge & Facilities program is currently \$45 million for All Risks of Physical Loss or Damage coverage, excluding earthquake and flood. The flood and earthquake limits are currently \$20 million.

The 2008-2009 premium for the District's Building & Facilities Insurance Program represents a 22 percent decrease from 2007-2008. The primary reason for the significant decrease is the increased competition in the property insurance markets. The District's property insurance premium however is strongly driven by earthquake catastrophe exposure. For the 2009-2010 property insurance renewal, based on a property appraisal that will be conducted in 2008, the District may elect to increase earthquake coverage from the current \$20 million. It is estimated that 70 percent of the District's Building & Facilities Insurance Program is based on covering the risk of a catastrophic earthquake.

District Building & Facilities Insurance Recommendation

The renewal of the District's Building & Facilities Insurance Program with the same limits and deductibles (without terrorism coverage) is recommended.

Boiler & Machinery Insurance Recommendation

The Boiler & Machinery Program covers losses from explosion of boilers, and other types of Bridge Program steam pressure vehicles, accidental breakdown of boilers and other mechanical or electrical equipment. The expiring premium for the Boiler & Machinery policy is \$2,663. The renewal premium is \$2,556, a 4 percent decrease.

Bridge Property Damage/Loss of Revenue

Effective April 8, 2006, the District decided to non-renew the insurance for the Bridge and authorize the establishment of a restricted Golden Gate Bridge self-insurance loss reserve in lieu of purchasing the Bridge Physical Damage and Use & Occupancy.

Marsh was requested to continue to check with the insurance markets to gauge carriers interest to write the Bridge and premium levels. Indications are that although premiums have decreased, terms and limits have become less favorable. The cost and coverage of the Bridge Property Damage and Use & Occupancy policy continues to make transfer of these risks not a cost-effective option at this time.

Restricted Bridge Self-Insurance Loss Reserve Recommendation

The continued funding of a Restricted Bridge Self-Insurance Loss Reserve to be used in case of catastrophic damage to the Bridge continues to be a viable way to develop the capital over time to replace this coverage.

It is recommended to continue funding the reserve at the initial rate of \$1,300,000 in order to meet the capital assumptions that were presented to the District's Finance-Auditing Committee and Board in March 2006.

Fiscal Impact

The cost of the District's Building and Facilities Program and Boiler and Machinery Program for a 12-month period between April 8, 2008, and April 7, 2009, is \$538,793, a 22 percent decrease from the previous year. Requisite funds will be budgeted in the appropriate fiscal year operating budgets.

The District will continue funding the Restricted Bridge Self-Insurance Fund, with an investment of \$1,300,000 million. These funds are included in the FY 07/08 Budget and will be appropriately included in the FY 08/09 budget. Annually, on recommendation of the staff along with Committee and Board approval, the District will allocate additional capital to the Fund.

The allocation of \$1.3 million to the restricted contingency reserve will not have a net fiscal impact to the District in FY 08/09. The \$1.3 million will be transferred to the Restricted Bridge Self-Insurance Fund.

Attachment



Agenda Item No. 5

To: Finance-Auditing Committee/Committee of the Whole
Meeting of March 28, 2008

From: Joseph M. Wire, Auditor-Controller
Celia G. Kupersmith, General Manager

Subject: **RECEIVE THE INDEPENDENT AUDITOR'S REPORTS FOR THE YEAR ENDING JUNE 30, 2007, AS SUBMITTED BY MACIAS GINI & O'CONNELL LLP FOR THE FOLLOWING:**
a. **THE FINANCIAL STATEMENTS OF THE SUPPLEMENTAL RETIREMENT PLAN AND TRUST; AND,**
b. **THE SINGLE AUDIT REPORTS**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors receive the independent auditor's reports for the year ending June 30, 2007, as submitted by Macias Gini & O'Connell LLP, for the following:

- a. The Financial Statements of the Supplemental Retirement Plan and Trust; and,
- b. The Single Audit Reports.

Summary

The Independent Auditor's Reports include the following:

- Audited Financial Statements of the Golden Gate Bridge, Highway and Transportation District Supplemental Retirement Plan and Trust; and,
- Single Audit Reports for Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards* and the Transportation Development Act.

Both reports are for the fiscal year ending June 30, 2007. There were no findings in conjunction with either report. Usually, audit reports are presented to the Board of Directors in November of each year. In the future, the presentation of these reports will comply with that time schedule. Copies of the Independent Auditor's Reports are available in the District Secretary's Office.

Fiscal Impact

There is no fiscal impact related to these reports.