

June 27, 2024



MINUTES OF THE FINANCE-AUDITING COMMITTEE

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:

The Finance-Auditing Committee (Committee) of the Golden Gate Bridge, Highway and Transportation District (District) met in regular session in the Board Room, Administration Building, Golden Gate Bridge Toll Plaza, San Francisco, CA, on Thursday, June 27, 2024, at 10:12 a.m., with Vice Chair Pahre presiding. A remote audio option for public participation was available.

- (1) **Call to Order:** 10:12 a.m.
- (2) **Roll Call:** Secretary of the District Amorette M. Ko-Wong. **[00:18 Minutes Mark on the Audio Recording]**

Committee Members Present (9): Vice Chair Pahre; Directors Giudice, Grosboll, Mastin and Rodoni; President Cochran. Directors Garbarino, Hill and Thériault were appointed Committee Members Pro Tem for this meeting only.

Committee Members Absent (3): Chair Rabbitt; Directors Dorsey and Hernández.

Vice Chair Pahre appointed all Board members present to be Committee members.

Staff Present: General Manager Denis Mulligan; Auditor-Controller Joseph Wire; District Engineer Ewa Bauer-Furbush; Secretary of the District Amorette Ko-Wong; Attorney Julie Sherman; Deputy General Manager/Bus Transit Division Les Belton; Deputy General Manager/Administration and Development Kellee Hopper; Director of Budget and Electronic Revenue Jennifer Mennucci; Director 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.

Vice Chair Pahre stated that she would like to take Public Comment at this time.

(3) Public Comment [01:08 Minutes Mark on the Audio Recording]

The following individual spoke under Public Comment:

- Shane Weinstein, Amalgamated Transit Union (ATU), Local 1575 (in person)

Mr. Mulligan responded to the public comments. He reviewed about the District's partnership with ATU, Local 1575 and their joint efforts to develop pre-apprenticeship and apprenticeship programs. He spoke about the increased number of Bus Operators, staff's goals to spread out the work, and offer reasonable shifts to staff. He offered to provide a report about Bus Operator Compensation.

[10:25 Minutes Mark on the Audio Recording]

Directors Mastin, Thériault, Rodoni and Grosboll made inquiries regarding Bus Operator shifts, bidding, recruitment, and current service offered.

Vice Chair Pahre thanked Mr. Weinstein for his comments and spoke about the value of having a public Board discussion. She said that a Bus Operator Compensation presentation would be given to the Finance-Auditing Committee in July.

Mr. Mulligan and Mr. Belton responded to the inquiries, and confirmed staff would provide additional information in the Bus Operator Compensation presentation.

(4) Ratification of Previous Actions by the Auditor-Controller [21:06 Minutes Mark on the Audio Recording]

PFM Managing Director Monique Spyke presented the Investment Report.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors GIUDICE/GARBARINO** 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 and/or expenditures to ratify for the period of May 1, 2024 through May 31, 2024;
- (ii) Ratify investments made during the period May 14, 2024 through June 17, 2024;

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- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing between June 18, 2024 and July 15, 2024, 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 2024.

Action by the Board at its meeting of June 28, 2024 – Resolution
CONSENT CALENDAR

AYES (9): Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Hill, Mastin, Rodoni and Thériault; President Cochran.

NOES (0): None.

ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

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

(a) Authorize Budget Transfers and Adjustments to the FY 23/24 Operating Budget [25:39 Minutes Mark on the Audio Recording]

Director of Budget and Electronic Revenue 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/RODONI** 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 \$5,295,000, or 1.9%, of total FY 23/24 Operating Budget Expenses as detailed in Attachment A, and summarized below:

1. The Bridge Division will transfer \$620,000 between budget categories in the Bridge Division.
2. The Bus Transit Division will transfer \$225,000 between budget categories in the Bus Division. Additionally, the Bus Transit Division will transfer \$1,250,000 between budget categories to the Bridge Division and \$600,000 between budget categories in the Ferry Division.
3. The Ferry Division will transfer \$1,350,000 between budget categories in the Ferry Division.
4. The District Division will transfer \$1,250,000 between budget categories in the District Division.

Action by the Board at its meeting of June 28, 2024 – Resolution
NON-CONSENT CALENDAR

- AYES (9):** Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Hill, Mastin, Rodoni and Thériault; President Cochran.
NOES (0): None.
ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

- (b) **Budget Increase in the FY 23/24 Bus Division Capital Budget for Project #1717, San Rafael Transportation Center Relocation Analysis, Environmental Clearance, and Preliminary Design** [27:07 Minutes Mark on the Audio Recording]

[Director Hill recused himself from this item.]

- (i) **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 recommends, in concurrence with the Building and Operating Committee at its June 27, 2024 meeting, that the Board of Directors authorize a budget increase in the FY 23/24 Bus Division Capital Budget relative to Project #1717, *San Rafael Transportation Center Relocation Analysis, Environmental Clearance, and Preliminary Design*, in the amount of \$986,431.

Action by the Board at its meeting of June 28, 2024 – Resolution Refer to Building and Operating Committee Meeting of July 27, 2024
NON-CONSENT CALENDAR

- AYES (8):** Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Mastin, Rodoni and Thériault; President Cochran.
NOES (0): None.
RECUSAL (1): Director Hill
ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

- (6) **Authorize Actions Related to Grant Programs**

- (a) **Approve Actions Relative to the State of Good Repair (SGR) Program** [28:00 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

- (i) **Action by the Committee**

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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 recommends that the Board of Directors approve actions necessary to secure FY 24/25 State of Good Repair (SGR) Program funds to support 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 24/25 SGR Program; and,
2. Approve submission of the Ferry Division Capital Project #2443, *San Francisco Ferry Terminal (SFFT) West and East Berth Rehabilitation*, for the FY 24/25 proposed project list to the Metropolitan Transportation Commission.

Action by the Board at its meeting of June 28, 2024 – Resolution
NON-CONSENT CALENDAR

AYES (9): Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Hill, Mastin, Rodoni and Thériault; President Cochran.
NOES (0): None.
ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

(7) Approve Renewal of the Liability and Property Insurance Programs [29:43 Minutes Mark on the Audio Recording]

Director Risk Management and Safety Kelli Vitale presented the staff report. She spoke about the Liability and Property Insurance Programs' total cost of \$5,969,161 with recently negotiated Excess General and Automobile Liability Insurance Act coverage savings of almost \$15,000. She also spoke about an insurance crisis in California and upcoming legislative hearings to consider the matter.

[38:46 Minutes Mark on the Audio Recording]

Vice Chair Pahre expressed appreciation for Ms. Vitale's work on the insurance programs.

Directors GIUDICE/ RODONI moved and seconded the staff recommendation with the "final negotiated amounts" that were presented by Ms. Vitale.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors GIUDICE/RODONI** 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 final negotiated amounts of the Liability Insurance Program, effective July 1, 2024, as follows:

- (i) Renew 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 \$4,102,022 for a one-year term. The Golden Gate Bridge, Highway and Transportation District's (District) insurance brokers negotiated with various potential insurers (some of which currently provide coverage to the District) including Safety National, Inigo, MAP, AWAC, Westchester, Westfield, Hiscox, Canopus, Convex, Hamilton Re, Aspen, Sompco, Apollo, Liberty, Genesis, Everest, Munich Re, and others to secure the best coverage options available.

The expiring program has a \$85 million limit and a self-insured retention of \$7.5 million for Auto Liability and \$3 million for General Liability, including legal defense costs within the self-insured retention. The annual premium for this policy is \$4,102,022.

- (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 \$1,250,000 for each accident, with a \$25 million limit, for an annual premium of \$405,621.
- (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 \$1,000,000 self-insured retention for claims concerning Class Actions or Layoffs. The annual premium for this policy is \$155,189.
- (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 second year of a three-year term with a \$25,000 deductible and \$1 million limit for an annual premium of \$3,597; and,

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- (vi) Renew the three-year Environmental Liability Insurance Program with Chubb Insurance Company, with a \$5 million limit and a \$250,000 Self-Insured Retention for a pre-paid three-year premium of \$73,419; and,
- (vii) Renew the Cyber Liability Program with Resilience for a one-year-term. The program has a \$5 million limit and \$250,000 for Social Engineering Fraud. The coverage has a \$50,000 Self -Insured Retention for a premium of \$57,399.

The Finance-Auditing Committee also recommends that the Board of Directors approve the Property Insurance Program, effective July 1, 2024, as follows:

- (i) Renew the property insurance program with AIG for buildings and facilities with a \$250,000 deductible for a premium of \$905,317, and the excess earthquake and flood insurance program for a premium of \$209,032.
- (ii) Renew authority to purchase the Marin Transit Bus Property Damage Program with actual cash value basis and a deductible of \$50,000 with Markel for a premium of \$42,460, and,
- (iii) Continue to allocate monies to the Restricted Contingency Reserve, for FY 24/25, 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 Adopted FY 24/25 Operating Budget for the Bridge, Bus, Ferry, and District divisions.

Action by the Board at its meeting of June 28, 2024 – Resolution
NON-CONSENT CALENDAR

AYES (9): Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Hill, Mastin, Rodoni and Thériault; President Cochran.

NOES (0): None.

ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

Vice Chair Pahre commented about the meeting process.

(8) Approve Proposed FY 24/25 Operating and Capital Budget [41:50 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report. He reviewed the staff recommendation (page 47 of the meeting packet) and Appendix A (page 51).

[48:10 Minutes Mark on the Audio Recording]

Director Grosboll requested additional information about Appendix A. He commented

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that any negotiated wage increases with the Labor Coalition would be included in the FY 24/25 Budget in the future. He also inquired about funded versus filled Bus Operator positions. He asked about the remaining federal funding.

Director Mastin inquired about the value of reducing traffic on the Bridge.

Mr. Mulligan and Mr. Wire responded to the inquiries.

[56:29 Minutes Mark on the Audio Recording]

The following individuals spoke under Public Comment:

- Shane Weinstein, ATU, Local 1575 (in person)
- David Herrera, Bus Operator (remotely)

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors GARBARINO/GIUDICE** 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 Fiscal Year 2024/2025 (FY 24/25) Proposed Operating and Capital Budget, as follows:

- (i) Authorize the following items as contained in the budget:
 1. District Goals, Objectives and Capital Projects;
 2. The Reserve Structure; and
 3. Changes to the Table of Organization;
- (ii) Include negotiated salary increases for the Amalgamated Transit Union (ATU) represented employees. It does not include salary increases for Coalition employees as they are under negotiation, nor does it include salary increases for Non-represented employees, which will be considered at a later date;
- (iii) Include 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, 2024 that have a fiscal impact to the FY 24/25 Capital and/or Operating Budget;
 2. The carryover of any incomplete projects in the FY 23/24 Capital Budget to FY 24/25 as authorized by the General Manager;
 3. The move of any capital projects from the FY 25/26 budget to the FY 24/25 budget, as authorized by the General Manager, as staff resources become available in FY 24/25; and,
 4. Final FY 23/24 budget transfers needed to comply with the Board's budget

5. policy will be implemented in the FY 24/25 Adopted Budget Book; and Staff compensation adjustments made per the compensation policy approved on May 24, 2024 and as detailed in Appendix B of this board report.

**Action by the Board at its meeting of June 28, 2024 – Resolution
NON-CONSENT CALENDAR**

AYES (9): Vice Chair Pahre; Directors Garbarino, Giudice, Grosboll, Hill, Mastin, Rodoni and Thériault; President Cochran.

NOES (0): None.

ABSENT (3): Chair Rabbitt; Directors Dorsey and Hernández.

(9) Status Report on the FY 23/24 Budget [1:03:14 Hour Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report (page 55), which was for informational purposes only and no action was taken.

(10) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Eleven Months Ending May 2024) [1:04:43 Hour Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report, which was for informational purposes only and no action was taken. He reviewed the traffic, ridership and revenue (page 67). He spoke about the increased traffic, ridership, and revenue.

(11) Monthly Review of Financial Statements (for Eleven Months Ending May 2024) [1:06:08 Hour Mark on the Audio Recording]

(a) Statement of Revenue and Expenses

(b) Statement of Capital Programs and Expenditures

Auditor-Controller Joseph Wire presented the staff report, which were for informational purposes only and no actions were taken. He highlighted the results (page 73).

Vice Chair Pahre requested that the Committee take Public Comment before the Closed Session.

(12) Public Comment

There were no public comments.

(13) Closed Session [1:09:07 Hour Mark on the Audio Recording]

Attorney Julie Sherman, at the request of Vice Chair Pahre, 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. 11(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) *Jose Dolayo v. Golden Gate Bridge, Highway and Transportation District.*

[1:14:18 Hour Mark on the Audio Recording]

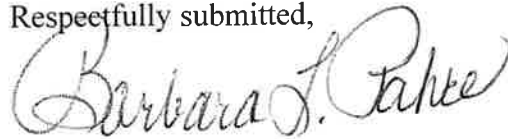
After Closed Session, Vice Chair Pahre called the meeting to order in Open Session with a quorum present. Attorney Julie Sherman stated that the Committee had met in Closed Session, as permitted by the Brown Act, to discuss the above listed matters. She reported that no action was taken.

(14) Adjournment [1:14:33 Hour Mark on the Audio Recording]

All business having been concluded Directors GIUDICE/GARBARINO moved and seconded that the meeting be adjourned at 11:28 a.m.

Carried

Respectfully submitted,



Barbara L. Pahre, Vice Chair
Finance-Auditing Committee

BLP:AMK:EIE:tnm