

March 21, 2024



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

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 Whole (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, March 21, 2024, at 9:54 a.m., with Chair Rabbitt presiding. A remote audio option for public participation was available.

(1) Call to Order: 9:54 a.m.

(2) Roll Call: Secretary of the District Amorette M. Ko-Wong.

Committee Members Present (9): Chair Rabbitt; Vice Chair Pahre; Directors Dorsey, Giudice, Grosboll, Hernández, Mastin and Rodoni; President Cochran.

Committee Members Absent (0): None.

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

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

Committee of the Whole Members Absent (6): Directors Conroy, Engardio, Moulton-Peters, Safaí, Snyder, and Stefani.

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/Bridge Division David Rivera; Deputy General Manager/Bus Transit Division Les Belton; Deputy General Manager/Ferry Division Michael Hoffman; Deputy General Manager/Administration and Development Kellee Hopper; Deputy District Engineer John Eberle; Budget and Electronic Revenue

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Director Jennifer Mennucci; Capital and Grant Programs Director Amy Frye; 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 [00:48 Minutes Mark on the Audio Recording]

PFM Asset Management (PFM) Managing Director Monique Spyke presented the Investment Report. She spoke about interest rates, the value of the District's investments, and PFM representatives' long term investment focus on value.

[09:42 Minutes Mark on the Audio 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/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 approves the following actions:

- (i) There are no commitments and/or expenditures to ratify for the period of February 1, 2024 through February 29, 2024;
- (ii) Ratify investments made during the period February 13, 2024 through March 11, 2024;
- (iii) Authorize the reinvestment, within the established policy of the Board, of any investments maturing between March 12, 2024 and April 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 February 2024.

**Action by the Board at its meeting of March 22, 2024 – Resolution
CONSENT CALENDAR**

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

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

- (a) Budget Increase in the FY 23/24 Bus Division Capital Budget for Project #1431, D 1 Resurface Employee Parking Lot and Solar Panels [10:43 Minutes Mark on the Audio Recording]**

Deputy District Engineer John Eberle presented the staff report.

(i) Action by the Committee

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole also recommends, in concurrence with the Building and Operating Committee at its meeting on March 21, 2024, that the Board of Directors authorize an increase in the FY 23/24 Bus Division Capital Budget, in the amount of \$7,025,618 for Project # 1431, *DI Resurface Employee Parking Lot and Solar Panels*, for a revised total project budget of \$12,155,618.

Action by the Board at its meeting of March 22, 2024 – Resolution Refer to Building and Operating Committee Meeting of March 21, 2024
NON-CONSENT CALENDAR

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

- (b) Approve Actions in the FY 23/24 Ferry Division Capital Budget Relative to the SFFT Inner Berth Hydraulics and SFFT Outer Berth Rehabilitation Projects [11:54 Minutes Mark on the Audio Recording]**

Deputy District Engineer John Eberle presented the staff report.

[13:25 Minutes Mark on the Audio Recording]

Director Thériault inquired about the failure of the hydraulic systems.

Mr. Mulligan and Mr. Eberle responded to the inquiry. Mr. Mulligan noted the hydraulic

systems are 50 years old and thanked the mechanics who maintain the systems. Mr. Eberle stated that the systems are complicated and replacement parts are no longer available.

(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 approve combining Ferry Division Capital Project #2443, *SFFT Inner Berth Hydraulics*, with the total project budget of \$5,274,000, and Ferry Division Capital Project #2444, *SFFT Outer Berth Rehabilitation*, with the total project budget of \$994,000, into one Capital Project #2443 with a title *SFFT West and East Berth Rehabilitation* and with the total project budget of \$6,268,000.

**Action by the Board at its meeting of March 22, 2024 – Resolution
NON-CONSENT CALENDAR**

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

(5) Authorize Actions Related to Grant Programs

(a) Approve Actions Relative to the Low Carbon Transit Operations Program (LCTOP) [14:50 Minutes Mark on the Audio Recording]

Capital and Grant Programs Director Amy Frye presented the staff report. She said that the District will replace the MV. Del Norte with a new Tier 4 powered vessel with cleaner engines and reduced greenhouse gas emissions. She noted that this is the first of four vessels that the District intends to replace.

[16:48 Minutes Mark on the Audio Recording]

Director Hill asked if the engines for the new vessels would be hydrogen or electric.

Mr. Mulligan responded to the inquiry. He stated the District has to meet the California Air Resources Board (CARB) deadlines and at this time, the hydrogen and electrical technology vessels cannot meet the operational profile of the District's Larkspur service. He said that switching from Tier 2 to Tier 4 engines will meet the new CARB requirements.

(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/Committee of the Whole recommends that the Board of Directors approve the following actions necessary to secure FY 23/24 Low Carbon Transit Operations Program (LCTOP) grant funds to support transit capital and operating projects for the Golden Gate Bridge, Highway and Transportation District (District):

- (1) Approve submission of one LCTOP grant application in FY 23/24 for the MV Del Norte Replacement Project;
- (2) Certify that the District will comply with all conditions and requirements set forth in the LCTOP certification and assurances, authorized agent documents, applicable statutes, regulations, and guidelines for all LCTOP-funded transit projects; and,
- (3) Authorize the General Manager, or his designee, to execute for and on behalf of the District any documents necessary to apply for and receive LCTOP funding, including certifications and assurances, authorized agent forms, and agreements relative to the FY 23/24 LCTOP program.

**Action by the Board at its meeting of March 22, 2024 – Resolution
NON-CONSENT CALENDAR**

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

(6) Approve a Five Year Program to Increase Tolls on the Golden Gate Bridge, and Adopt Findings to Support the Filing of a Notice of Exemption Under the California Environmental Quality Act [18:20 Minutes Mark on the Audio Recording]

Budget and Electronic Revenue Director Jennifer Mennucci presented the staff report. She stated that tolls are the District's largest source of revenue and without additional revenues, the District would be forced to greatly curtail bus and ferry service. In 2023, revenues from tolls and transit fares were about \$900,000 less each week compared to pre-pandemic levels. She said that, while the District has taken measures to reduce expenses, the cost to operate the District's services increases yearly.

Ms. Mennucci reviewed that the District conducted a formal process to engage the public with an extensive outreach program. She noted that five years have passed since the Board of Directors last approved a multi-year toll increase program. She said that Toll Option 1 strikes a balance between customer preferences, and the District's mission to maintain the Bridge and provide transportation services in the Highway 101 Corridor.

[25:03 Minutes Mark on the Audio Recording]

Chair Rabbitt expressed appreciation for the report.

Director Mastin observed that the cost to eliminate the entire shortfall would be a 9.5 percent toll increase. He noted that, when the Bridge opened, the toll was \$0.50 in each direction, and when adjusted for inflation, the toll would be \$11.00 each way now. He said that he believes a more modest 4.5 percent increase is more defensible. He wondered if the proposal goes too far or not far enough.

Director Garbarino echoed Director Mastin's question, "Are we going far enough or are we going too far?" She complimented staff for the quality of the report.

Director Thier said that no one likes a rate increase, but she understands the District requires the revenue to operate the Bridge and the bus and ferry service. She cited the 2023 Bridge traffic and transit ridership results in the staff report and asked if the District anticipates those numbers will increase over the next five years. She inquired about whether the shortfall could grow further by July 2028.

Director Grosboll stated that people he knows commented and expressed concern about the proposed toll increase. He said that he attended the virtual open houses and observed that some people asked about the District cutting costs. He asked if there are any capital projects that could be delayed for a couple of years.

Director Thériault commented that the difference between Option 4 and Option 1 is only \$0.15. He said that he is a transit user, and he would regret transit services being reduced. He expressed support for Option 1.

Director Hill said Director Thériault's views are close to his own. He asked if capital and operational expenses are likely to be more or less after the District moves to an electrified fleet of buses and ferries.

Director Giudice said that Mr. Mulligan's and the staff's approach to the recovery has been unique and responsible, and he expressed support for Option 1.

Director Pahre stated that Option 1 covers one half of the shortfall. She recognized the difficulty the Board faces in making up for the remainder of the shortfall over the next five years, and expressed support for Option 1.

Director Thier inquired about potential grant funding that could help address the shortfall.

Director Rodoni said he supports staff's recommendation of Option 1. He recognized the increase is necessary to maintain bus and ferry service, which serves Marin County.

Director Hernández thanked staff for putting together the report and giving the public the opportunity to weigh in on the proposed options. She expressed her support for the proposed toll increase.

Director Garbarino said that approximately 75 percent of the comments she has heard are supportive of saving the bus service, and she expressed her support for the proposed toll increase.

Chair Rabbitt thanked his colleagues on the Board, and staff for their thorough outreach efforts. He noted that increasing costs is always difficult, especially during a time of inflation. He said the Bridge must be available for future generations and he expressed his support for Option 1.

Mr. Mulligan responded to the Directors' inquiries. He stated that the District has had slow but steady growth in Bridge traffic and bus and ferry ridership, but staff do not expect to see a return to pre-pandemic levels in the near future. He confirmed that the District's five-year projection is based upon current service levels. He said that the Board will face further challenges even if it approves the staff recommendation. He said that at the next day's Board meeting, a Strategic Plan would be presented to the Board for consideration, and one of the proposed initiatives involves the possibility of stretching out the Capital Plan. He said that other agencies have found operational expenses are higher when fueling electric transit vehicles, and he confirmed that those higher costs have not been factored into the projected shortfall. He noted that the Strategic Plan includes efforts to source more grant funding and that the District has a good track record when applying for such funding.

[42:33 Minutes Mark on the Audio Recording]

The following individual spoke under public comment:

- David Pilpel, San Francisco resident (remotely)

Chair Rabbitt thanked Mr. Pilpel for his comments.

Ms. Ko-Wong clarified that Mr. Pilpel's written comments were received by email and are included in the public hearing email totals. Mr. Mulligan responded that in the past, the District's farebox recovery rate was 25 percent for bus and 50 percent for ferry. He confirmed the District is working to increase its farebox recovery rate and transit revenues.

Director Grosboll stated that while he supports the bus and ferry service, he believes the proposed toll increase is too high and he will not vote for it.

(a) Action by the Committee

Staff recommended and the Committee concurred by motion made and seconded by **Directors THÉRIAULT/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 adopt a five-year program to increase tolls on the Golden Gate Bridge effective July 1, 2024, as follows:

- (i) Increase the toll rates \$0.50 for FasTrak®, Pay As You Go, and Invoice on July 1st of each year from 2024 to 2028, and result in a toll rate of \$9.25 for FasTrak®, \$9.50 for Pay As You Go, and \$10.25 for Invoice payers for a two-axle vehicle in the first year with corresponding increases of toll rates for carpools, persons with disabilities, SFO airport service, multi-axle vehicles over two axles; and,
- (ii) Find and declare that the five-year toll program is exempt from the California Environmental Quality Act under Section 21080(b)(8) of the Public Resources Code because it is necessary for the purpose of: (a) meeting operating expenses; (b) purchasing or leasing supplies, equipment or materials; (c) meeting financial reserve needs and requirements; and, (d) obtaining funds for capital projects necessary to maintain service within the existing service areas.

Action by the Board at its meeting of March 22, 2024 – Ordinance
NON-CONSENT CALENDAR

AYES (10): Directors Garbarino, Giudice, Hernández, Pahre, Rodoni, Thériault and Thier; Second Vice President Rabbitt; First Vice President Hill; President Cochran.

NOES (2): Directors Grosboll and Mastin

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

Chair Rabbitt stated that, as a member of the Bay Area Toll Authority, he has seen that the other Bay Area bridges receive funding from the State.

Mr. Mulligan pointed out that other transit agencies have sales taxes and/or property taxes that help support their operations, and those revenues have increased. In contrast, the District relies exclusively on tolls and fares, Bridge traffic has decreased and these changes present a special challenge to the District.

(7) Approve Award of Contract No. 2023-D-088, Health and Welfare Consultant Services, with USI Insurance Services [49:49 Minutes Mark on the Audio Recording]

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

[52:35 Minutes Mark on the Audio Recording]

Chair Rabbitt and Director Garbarino expressed appreciation for the report and staff's work on the project.

(b) 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 recommends that the Board of Directors approve award of Contract No. 2023-D-088, *Health and Welfare Insurance Consultant Services*, with USI Insurance Services of San Francisco, CA, in an amount not-to-exceed \$285,000 for a three-year contract effective April 1, 2024, and two one-year options to be exercised at the General Manager's discretion at a cost not to exceed \$95,000 for each option year. Funds for the first year of service are included in the FY 23/24 District Division Operating Budget with requisite funds to be budgeted accordingly for each future fiscal year.

**Action by the Board at its meeting of March 22, 2024 – Resolution
NON-CONSENT CALENDAR**

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

(8) Renew Annual Delegation of Investment Management Authority to the Auditor-Controller as Per Rule XI, Investment Policy, of the Rules of the Board [53:20 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire presented the staff report.

[54:15 Minutes Mark on the Audio Recording]

Director Mastin inquired about the maximum amount that can be invested in the Local Agency Investment Fund (LAIF), which is referenced on page 80.

Mr. Wire stated that he would research the maximum amount and respond at a later time.

(c) **Action by the Committee**

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

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors renew the annual delegation of investment management authority to the Auditor-Controller for FY 24/25 as per RULE XI, **INVESTMENT POLICY, Section E, Delegation of Authority**, of the *Rules of the Board*, and as provided for in California Government Code Section 53607.

**Action by the Board at its meeting of March 22, 2024 – Resolution
NON-CONSENT CALENDAR**

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

NOES (0): None.

ABSENT (7): Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

(9) **Receive the Independent Auditor’s Engagement Letter for the Annual Financial Audit and Single Audit for the Year Ending June 30, 2024, as Submitted by Eide Bailly, LLP [55:00 Minutes Mark on the Audio Recording]**

Director of Accounting Cody Smith presented the staff report and expressed appreciation for his team.

[56:36 Minutes Mark on the Audio Recording]

Chair Rabbitt expressed appreciation for staff’s work.

(d) **Action by the Committee**

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

RECOMMENDATION

The Finance-Auditing Committee/Committee of the Whole recommends the Board of Directors receive the independent auditor’s engagement letter for services related to the annual financial audit and single audit for the year ending June 30, 2024, as submitted by Eide Bailly, LLP.

**Action by the Board at its meeting of March 22, 2024 – Resolution
NON-CONSENT CALENDAR**

- AYES (12):** Directors Garbarino, Giudice, Grosboll, Hernández, Mastin, Pahre, Rodoni, Thériault and Thier; Second Vice President Rabbitt; First Vice President Hill; President Cochran.
- NOES (0):** None.
- ABSENT (7):** Directors Conroy, Dorsey, Engardio, Moulton-Peters, Safaí, Snyder and Stefani.

(10) Status Report on the FY 23/24 Budget [57:45 Minutes Mark on the Audio Recording]

Auditor-Controller Joseph Wire answered the question about LAIF, which was asked under Item No. 8. He stated that the maximum amount that can be invested in LAIF is \$75 million, and during the COVID-19 pandemic, the State Controller increased the maximum amount by an additional \$75 million. He provided additional information about the California Asset Management Program (CAMP) fund and spoke about how the District utilizes both LAIF and CAMP.

He presented the staff report, which was for informational purposes only and no action was taken.

[1:00:45 Hour Mark on the Audio Recording]

Director Mastin asked whether CAMP has a maximum investment amount as well.

Mr. Wire responded that he would get the answer.

[1:01:18 Minutes Mark on the Audio Recording]

The following individual spoke under public comment:

- David Pilpel, San Francisco resident (remotely)

(11) Monthly Review of Golden Gate Bridge Traffic/Tolls and Bus and Ferry Transit Patronage/Fares (for Eight Months Ending February 2024) [1:03:28 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 107). He spoke about the seasonal nature of Bridge traffic and highlighted some of the changes from month to month. He noted that non-commute travel has become more important and ferry ridership is most affected by the weather. Mr. Mulligan added that Bridge traffic and bus and ferry transit ridership have increased since the prior year. Mr. Wire added that based on the results, staff believes that more people are commuting into their offices.

(12) Monthly Review of Financial Statements (for Eight Months Ending February 2024)

[1:09:17 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 113) and reviewed progress made on capital projects (page 123).

(13) Public Comment

There were no public comments.

(14) Adjournment [1:12:15 Hour Mark on the Audio Recording]

All business having been concluded Directors GIUDICE/GARBARINO moved and seconded that the meeting be adjourned at 11:06 a.m.

Carried

Respectfully submitted,



David Rabbitt, Chair
Finance-Auditing Committee

DAR:AMK:EIE:tnm