

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
300 Lakeside Drive, P. O. Box 12688, Oakland, CA 94604-2688

BOARD MEETING AGENDA

March 12, 2015

9:00 a.m.

A regular meeting of the Board of Directors will be held at 9:00 a.m. on Thursday, March 12, 2015. This meeting shall consist of a simultaneous teleconference call at the following locations:

BART Board Room Kaiser Center 20 th Street Mall – Third Floor 344 – 20 th Street Oakland, CA 94612	King David Hotel 23 King David Street Jerusalem 94101 Israel
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Members of the public may address the Board of Directors regarding any matter on this agenda. Please complete a “Request to Address the Board” form (available at the entrance to the Board Room) and hand it to the Secretary before the item is considered by the Board. If you wish to discuss a matter that is not on the agenda during a regular meeting, you may do so under Public Comment.

Any action requiring more than a majority vote for passage will be so noted.

Items placed under “consent calendar” are considered routine and will be received, enacted, approved, or adopted by one motion unless a request for removal for discussion or explanation is received from a Director or from a member of the audience.

Please refrain from wearing scented products (perfume, cologne, after-shave, etc.) to these meetings, as there may be people in attendance susceptible to environmental illnesses.

BART provides service/accommodations upon request to persons with disabilities and individuals who are limited English proficient who wish to address BART Board matters. A request must be made within one and five days in advance of Board meetings, depending on the service requested. Please contact the Office of the District Secretary at 510-464-6083 for information.

Rules governing the participation of the public at meetings of the Board of Directors and Standing Committees are available for review on the District's website (<http://www.bart.gov/about/bod>), in the BART Board Room, and upon request, in person or via mail.

Meeting notices and agendas are available for review on the District's website (<http://www.bart.gov/about/bod/meetings.aspx>), and via email (https://public.govdelivery.com/accounts/CATRANBART/subscriber/new?topic_id=CATRANBART_1904) or via regular mail upon request submitted to the District Secretary. Complete agenda packets (in PDF format) are available for review on the District's website no later than 48 hours in advance of the meeting.

Please submit your requests to the District Secretary via email to BoardofDirectors@bart.gov; in person or U.S. mail at 300 Lakeside Drive, 23rd Floor, Oakland, CA 94612; fax 510-464-6011; or telephone 510-464-6083.

Kenneth A. Duron
District Secretary

Regular Meeting of the
BOARD OF DIRECTORS

The purpose of the Board Meeting is to consider and take such action as the Board may desire in connection with:

1. CALL TO ORDER

- A. Roll Call.
- B. Pledge of Allegiance.
- C. Introduction of Special Guests.

2. CONSENT CALENDAR

- A. Approval of Minutes of the Meeting of February 26, 2015.* Board requested to authorize.
- B. Resolution Authorizing Actions Necessary to Obtain Cycle 4 Lifeline Transportation Funds.* Board requested to adopt.
- C. Fiscal Year 2015 Second Quarter Financial Report.* For information.

3. ADMINISTRATION ITEMS

Director Keller, Chairperson

- A. Hayward Maintenance Complex: Project Stabilization Agreement.* Board requested to authorize.

4. ENGINEERING AND OPERATIONS ITEMS

Director McPartland, Chairperson

- A. Sole Source Procurement with Cubic Transportation Systems, Inc., for Procurement and Installation of Upgraded Components for Automatic Fare Collection Equipment.* Board requested to authorize. (TWO-THIRDS VOTE REQUIRED.)
- B. Warm Springs Extension Project: Semi-Annual Project Update.* For information.
- C. Change Order to Contract No. 02EE-120, Warm Springs Extension Design-Build Line, Track, Station, and Systems, with Warm Springs Constructors, for Differing Site Conditions (C.O. No. 95).* Board requested to authorize.

5. PLANNING, PUBLIC AFFAIRS, ACCESS, AND LEGISLATION ITEMS

Director Raburn, Chairperson

- A. Bicycle Access to BART: Annual Update.* For information.

6. GENERAL MANAGER'S REPORT

- A. Report of Activities, including Update of Roll Call for Introductions Items.

7. CONTROLLER/TREASURER'S REPORT

- A. Quarterly Report of the Controller/Treasurer.* For information.
- B. Resolution In the Matter of Creation of a Life Insurance and Employee Survivor Benefits Trust, Approval of an Investment Policy for the Trust and Indemnification of the Trustee.* Board requested to adopt.

8. BOARD MATTERS

- A. Board Member Reports.
(Board member reports as required by Government Code Section 53232.3(d) are available through the Office of the District Secretary. An opportunity for Board members to report on their District activities and observations since last Board Meeting.)
- B. Roll Call for Introductions.
(An opportunity for Board members to introduce a matter for consideration at a future Committee or Board Meeting or to request District staff to prepare items or reports.)
- C. In Memoriam.
(An opportunity for Board members to introduce individuals to be commemorated.)

9. PUBLIC COMMENT

(An opportunity for members of the public to address the Board of Directors on matters under their jurisdiction and not on the agenda.)

10. CLOSED SESSION (Room 303, Board Conference Room)

- A. CONFERENCE WITH LEGAL COUNSEL – ANTICIPATED LITIGATION
Significant exposure to litigation pursuant to subdivision (b) of Government Code Section 54956.9: Warm Springs Constructors and San Francisco Bay Area Rapid Transit District regarding third party utility dispute.
- B. CONFERENCE WITH REAL PROPERTY NEGOTIATORS
Property: 101 8th Street, Oakland, CA
District Negotiators: Robert Powers, Assistant General Manager, Planning & Development; and Jeffrey P. Ordway, Manager, Real Estate and Property Development
Negotiating Parties: Metropolitan Transportation Commission and Association of Bay Area Governments and San Francisco Bay Area Rapid Transit District
Under Negotiation: Price and Terms
Government Code Section: 54956.8

C. CONFERENCE WITH REAL PROPERTY NEGOTIATORS

Property: Property Located at the Millbrae BART Station
District Negotiators: Robert Powers, Assistant General Manager, Planning & Development; Ellen Smith, Acting Manager, Strategic and Policy Planning; and Jeffrey P. Ordway, Manager, Real Estate and Property Development
Negotiating Parties: Republic Millbrae, LLC, and San Francisco Bay Area Rapid Transit District
Under Negotiation: Price and Terms
Government Code Section: 54956.8

11. OPEN SESSION

- A. Authorization for Completion of Negotiations and Execution of Agreements to Purchase Joseph P. Bort Metro Center, 101 8th Street, Oakland, California, from from the Metropolitan Transportation Commission and the Association of Bay Area Governments. Board requested to authorize.

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT
300 Lakeside Drive, P.O. Box 12688, Oakland, CA 94604-2688

Board of Directors
Minutes of the 1,728th Meeting
February 26, 2015

A regular meeting of the Board of Directors was held February 26, 2015, convening at 4:05 p.m. in the Board Room, 344 20th Street, Oakland, California. President Blalock presided; Kenneth A. Duron, District Secretary.

Directors present: Directors Keller, Mallett, Murray, Saltzman, and Blalock.

Absent: None. Directors Josefowitz, McPartland, Raburn and Radulovich entered the Meeting later.

President Blalock announced that the Board would enter into closed session under Item 2-A (Conference with Legal Counsel – Anticipated Litigation) of the Regular Meeting agenda, and that the Board would reconvene in open session upon the conclusion of the closed session.

The Board Meeting recessed at 4:06 p.m.

The Board Meeting reconvened in closed session at 4:08 p.m.

Directors present: Directors Keller, Mallett, Murray, Saltzman, and Blalock.

Absent: Directors Josefowitz and McPartland. Directors Raburn and Radulovich entered the Meeting later.

Director Raburn entered the Meeting.

Director Radulovich entered the meeting.

The Board Meeting recessed at 4:30 p.m.

The Board Meeting reconvened in open session at 5:02 p.m.

Directors present: Directors Keller, Josefowitz, Mallett, McPartland, Murray, Raburn, Radulovich, Saltzman, and Blalock.

Absent: None.

Mr. Matthew Burrows, General Counsel, announced that there were no further announcements to be made.

President Blalock called for Introduction of Special Guests.

Mr. Rick Martinez, Vice President of BART Police Managers' Association, introduced Mr. Richard M. Knowles, BART Police Managers' Association and BART Police Officers' Association nominee for representation on the Citizen Review Board. Mr. Knowles addressed the Board.

President Blalock brought the matter of Modified New Revenue Vehicle Interior Configuration before the Board. Mr. Paul Oversier, Assistant General Manager, Operations; and Mr. Aaron Weinstein, Department Manager, Marketing and Research, presented the item. Director Saltzman moved that the General Manager or her designee be authorized to modify the current design for the cars procured under Contract No. 40FA-110 with Bombardier Transit Corporation to include two designated wheelchair spaces positioned in the center of each of the new cars with no floor to ceiling poles in this location. Director Murray seconded the motion.

The following individuals addressed the Board.

Rebecca Williford
Ted Jackson
Reba Landry
Fred Nisen
Dolores Tejada
Alan Smith
Jessie Lorenz
Scott Yarbrough
Shirley Johnson
Bert Hill
Jon Spangler
Hans Nielsen
Jerry Grace
Madeleine Savit

The item was discussed. The motion carried by electronic vote. Ayes - 8: Directors Josefowitz, Keller, McPartland, Murray, Raburn, Radulovich, Saltzman, and Blalock. Noes – 1: Director Mallett.

Director Josefowitz moved that two of the pilot cars be designed with bicycle rack and family flex space, that two of the pilot cars be designed with family flex space only, and that 6 of the pilot cars be designed with bicycle racks only, as shown in the attached diagram. (The attached diagram is hereby made a part of these Minutes.) Director Keller seconded the motion. The motion was discussed. Director Radulovich called the question. The motion carried by roll call vote. Ayes - 5: Directors Josefowitz, Keller, McPartland, Murray, and Radulovich. Noes – 4: Directors Mallett, Raburn, Saltzman, and Blalock.

Director Keller exited the Meeting.

Consent Calendar items brought before the Board were:

1. Approval of Minutes of the Meeting of February 12, 2015.

2. Appointment of BART Police Managers' Association and BART Police Officers' Association Representative to the Citizen Review Board.

President Blalock requested that approval of the Minutes be removed from Consent Calendar. President Blalock requested that his written comments on the February 12, 2015, Board Meeting agenda item entitled "Consideration of Position on Prosecution of Protestors at West Oakland Station on November 28, 2014," be included in the Minutes for the current Meeting. The approval of the Minutes of the Meeting of February 12 was replaced onto Consent Calendar.

Director Mallett requested that the Citizen Review Board appointment be removed from Consent Calendar. The item was briefly discussed and replaced onto Consent Calendar.

Director Mallett made the following motions as a unit. Director Murray seconded the motions, which carried by unanimous electronic vote. Ayes - 8: Directors Josefowitz, Mallett, McPartland, Murray, Raburn, Radulovich, Saltzman, and Blalock. Noes - 0. Absent - 1: Director Keller.

President Blalock called for Public Comment. The following individuals addressed the Board.
Heather Reyes
Sheela Gunn-Cushman

Director Saltzman, Vice Chairperson of the Administration Committee, brought the matter of Fiscal Year 2016 Budget: Financial Priorities, before the Board. Mr. Carter Mau, Assistant General Manager, Administration and Budgets; and Mr. Robert Umbreit, Department Manager, Operating Budget and Analysis, presented the item. The item was discussed.

Jerry Grace addressed the Board.

Director Saltzman brought the matter of Clipper® Card Fare Collection Program Update before the Board. Mr. Mau and Ms. Patricia Nelson, Project Manager, Clipper Program, presented the item. The item was discussed.

Jerry Grace addressed the Board.

Director McPartland, Chairperson of the Engineering and Operations Committee, brought the matter of Service Planning for Special Events before the Board. Mr. Oversier; Mr. Thomas Tumola, Program Manager; and Mr. John McCormick, Department Manager, Operations Planning & Support, presented the item.

Jerry Grace addressed the Board.

The item was discussed.

Director McPartland brought the matter of Update on Public Safety Initiatives before the Board. Mr. Kenton Rainey, Chief of Police, Mr. Benson Fairrow, Deputy Chief of Police; Ms. Janeith Glenn-Davis, Deputy Chief of Police; Mr. Jeff Jennings, Deputy Chief of Police; Mr. Oversier;

Mr. Kevin Franklin, Manager of Security Programs; and Ms. Marla Blagg, Emergency Manager; presented the item. The item was discussed.

Director McPartland announced that the Quarterly Performance Report, Second Quarter Fiscal Year 2015 – Service Performance Review, would be continued to a future meeting.

President Blalock called for the General Manager’s Report.

General Manager Grace Crunican informed the Board that she would submit her report in writing.

President Blalock called for Board Member Reports, Roll Call for Introductions, and In Memoriam.

Director Saltzman requested a report on the costs to provide off peak service increases. Director Radulovich seconded the request.

Director Josefowitz requested a table showing BART police officer residence by zip code. Director Murray seconded the request.

Director Josefowitz requested a Board presentation from the San Francisco Late Night Transportation Task Force to hear the findings of the Task Force’s Late Night Transportation Plan, with potential action by the Board. Director Murray seconded the request.

Director Mallett requested staff develop and bring to Board for consideration, a public participation plan for the selection of the voice and sentence options for on-board announcements of the Fleet of the Future. Director Radulovich seconded the request.

President Blalock requested the Meeting be adjourned in memory of Don Dillon.

President Blalock called for Public Comment. Jerry Grace addressed the Board.

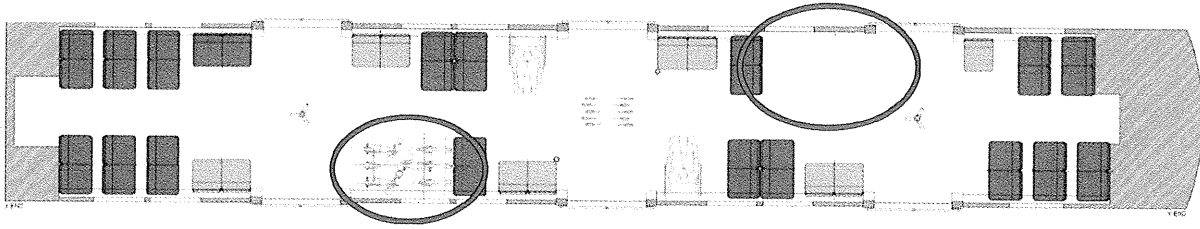
President Blalock announced that the closed session on Public Employee Performance Evaluation would not be held.

The Board Meeting was adjourned at 11:00 p.m.

Kenneth A. Duron
District Secretary

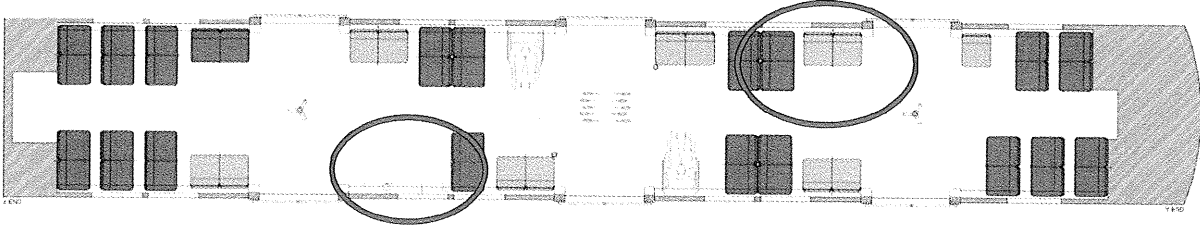
PILOT

Bike Rack & Family Flex Space



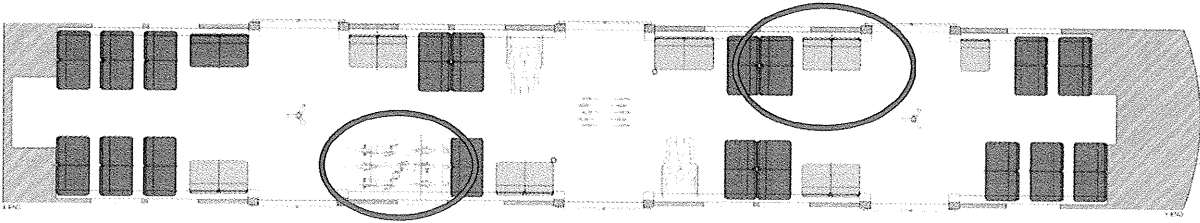
X2

Family Flex Space Only



X2

Bike Rack Only



X6



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Marga DeVanden</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: c <i>3/3/15</i>		BOARD INITIATED ITEM: No		
Originator/Prepared by: Deidre Heitman Dept: <i>Deidre Heitman</i> Signature/Date: <i>3-3-15</i>	General Counsel <i>Andrew Kwan</i> <i>3/3/15</i> []	Controller/Treasurer <i>[Signature]</i> []	District Secretary []	BARC <i>[Signature]</i> <i>3-3-15</i> []

TITLE:

Adoption of a Resolution Accepting Cycle 4 Lifeline Transportation Funds

NARRATIVE:

Purpose: To obtain Board approval of a Resolution accepting Cycle 4 Lifeline Transportation Funds from the Metropolitan Transportation Commission (MTC) and agreeing to meet project deadlines and provide local matching funds.

Discussion: The Lifeline Transportation Program is intended to fund projects that result in improved mobility for low-income residents of the nine San Francisco Bay Area counties. To be eligible for funding under this program, a project must be developed through a collaborative and inclusive planning process, enhance the range of transportation choices for low-income and minority riders, and address transportation gaps or barriers identified in Community-based Transportation Plans (CBTPs) or other substantive local planning efforts. A project may also be eligible if it addresses the needs of elderly and disabled residents. All eligible projects must be located in "Communities of Concern" which are those census tracts in which a majority of households earn 200% or under of the federal poverty level.

In October 2014, MTC released its Cycle 4 Lifeline Transportation Program Guidelines and Funding for Fiscal Years 2014-2016 which assigns \$4,604,653 in Public Transportation Modernization, Improvements and Service Enhancement Account (PTMISEA) funds -- also known as "Prop 1B" funds -- to BART for the three year period, Fiscal Years 2014 through 2016. Prop 1B funds can only be used for capital projects, and MTC has imposed a 20% local match as a program requirement. Past planning efforts have identified various types of capital projects that may be applicable to BART including, but not limited to: improved pedestrian and bicycle infrastructure, improved wayfinding, additional/upgraded bicycle and transit shelters and increased lighting and other safety improvements.

With these criteria in mind, BART staff, working with both internal and external partners, developed the attached list of proposed projects for use of the Prop 1B funds. The list includes a total of three proposed projects, one in each of the three BART counties. The distribution of funds is based on MTC's formula of ridership and low income population. This list of proposed projects has been approved by the respective congestion management agencies and submitted to MTC.

In Alameda County, the proposed project is to provide funding for wayfinding signage throughout the 19th Street BART station and pedestrian-scaled lighting at the station entrances.

In Alameda County, the proposed project is to provide funding for wayfinding signage throughout the 19th Street BART station and pedestrian-scaled lighting at the station entrances. In Contra Costa County, the proposed project is to augment the existing Station Modernization project at El Cerrito del Norte with funding for pedestrian lighting and hardscaping along the Ohlone Greenway and station area wayfinding signage. In San Francisco County, the proposed project is to fully fund the wayfinding signage program at the 16th & Mission and 24th & Mission BART stations and to provide funding for San Francisco's Pit Stop Initiative at the 16th & Mission and Civic Center BART stations. The Pit Stop Initiative provides portable toilets and sinks, used needle receptacles and dog waste stations. Similar to the portable Tenderloin Pit Stop facilities, these will be open Tuesday through Friday from 2 p.m. to 9 p.m. They will be monitored by paid staff and removed at the end of each day to be serviced off site. The toilets are high quality, flushable and have solar-powered lighting.

MTC requires that each recipient of Lifeline Transportation Funds adopt a Resolution agreeing to meet project delivery and obligation deadlines and provide the 20% local matching funds required under this program. The Resolution, along with the list of proposed projects, is attached. Upon BART Board adoption of this Resolution, MTC will submit the projects to the State for funding.

Fiscal Impact: By adopting this Resolution, BART will receive \$4,604,653 in Cycle 4 Lifeline Transportation funds for the selected projects and BART agrees to provide the local match of 20%, or \$1,151,163. BART Fund 8526 - FY 14 Operating Allocation to Capital will contribute the necessary local match requirement.

Alternatives: MTC will not release the Lifeline Transportation Funds without a duly adopted Resolution by the BART Board. Unless the Resolution is adopted, BART would lose funds in the amount of \$4,604,653 and would be unable to implement the proposed projects.

Recommendation: Adoption of the following Motion.

Motion: The BART Board approves adoption of the attached Resolution In the Matter of Authorizing Actions Necessary to Obtain Cycle 4 Lifeline Transportation Funds From the Metropolitan Transportation Commission.

**BEFORE THE BOARD OF DIRECTORS OF THE
SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT**

**In the Matter of Authorizing
Actions Necessary to Obtain Cycle 4
Lifeline Transportation Funds From the
Metropolitan Transportation Commission/**

Resolution No. _____

WHEREAS, the Metropolitan Transportation Commission (MTC) has established a Lifeline Transportation Program to assist in funding projects that 1) are intended to result in improved mobility for low-income residents of the nine San Francisco Bay Area counties, 2) are developed through a collaborative and inclusive planning process, and 3) are proposed to address transportation gaps and/or barriers identified through a substantive community-based transportation plan or are otherwise based on a documented assessment of needs; and

WHEREAS, pursuant to MTC Resolution No. 4519, MTC has adopted principles to guide implementation of the Lifeline Transportation Program for the three year period from Fiscal Year 2014 through Fiscal Year 2016, and has designated the County Congestion Management Agency, or another countywide entity, in each of the nine bay area counties to help with recommending project selections and project administration; and

WHEREAS, the Alameda County Transportation Commission (ACTC), the Contra Costa Transportation Authority (CCTA), and the San Francisco County Transportation Authority (SFCTA) have been designated by MTC to assist with the Lifeline Transportation Program in Alameda, Contra Costa, and San Francisco counties on behalf of MTC; and

WHEREAS, MTC assigned Public Transportation Modernization, Improvement and Service Enhancement (PTMISEA) Funds to each transit operator based on a

specified formula to be used on capital projects that are consistent with the Lifeline Transportation Program goals as set out in MTC Resolution No. 4159; and

WHEREAS, MTC assigned to BART the sum of Four Million, Six Hundred Four Thousand, six hundred fifty-three dollars (\$4,604,653) in PTMISEA funds, and required a local match of 20%; and

WHEREAS, BART created the list of proposed projects, described more fully on Attachment A to this Resolution, which is attached hereto and incorporated herein as though set forth at length; and

WHEREAS, ACTC, CCTA, and SFCTA have confirmed that BART's proposed projects, described more fully on Attachment A to this Resolution are consistent with the Lifeline Transportation Program goals as set out in MTC Resolution No. 4159; and

WHEREAS, the California State Department of Transportation (Caltrans) also requires that proposed PTMISEA projects be consistent with the operator's Short Range Transit Plan;

NOW, THEREFORE, BE IT RESOLVED that:

1. BART agrees to meet project delivery and obligation deadlines, comply with funding conditions placed on the receipt of funds allocated to the Lifeline Transportation Program, provide for the required local matching funds, and satisfy all other conditions set forth in MTC Resolution No. 4159; and

2. BART certifies that the projects and purposes for which funds are being requested are included in BART's 2015 Short Range Transit Plan and are in compliance with the requirements of the California Environmental Quality Act (Public Resources Code Section 21000 et seq.), and with the State Environmental Impact Report Guidelines (14 California Code of Regulations Section 1500 et seq.) and, if applicable, the National

Environmental Policy Act (NEPA), 42 USC Section 4-1 et seq. and the applicable regulations thereunder; and

3. There is no legal impediment to BART making the funding request; and

4. There is no pending or threatened litigation which might in any way adversely affect the ability of BART to deliver the proposed projects for which funds are being requested;

5. BART requests that MTC program funds available under its Lifeline Transportation Program, in the amounts requested for which BART is eligible, for the projects described in Attachment A of this Resolution; and

6. BART shall forward a copy of this Resolution, and such other information as may be required, to MTC, ACTC, CCTA, and SFCTA, and such other agencies as may be appropriate.

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ATTACHMENT A

PROPOSED FY 2014-2016 BART LIFELINE PROJECTS

County	Station	Project	Lifeline (Prop 1B)	Local Match	Local Match Source	Total Cost
Alameda						
	19th Street	Ped Lighting & Wayfinding	\$2,072,000	\$518,000	BART	\$2,590,000
	Subtotal		\$2,072,000	\$518,000		\$2,590,000
Contra Costa						
	El Cerrito del Norte	Ped Lighting, Hardscape & Wayfinding	\$1,312,420	\$328,105	BART	\$1,640,525
	Subtotal		\$1,312,420	\$328,105		\$1,640,525
San Francisco						
	16th, 24th and Civic Center	Wayfinding and Pit Stop Initiative	\$1,220,233	\$305,058	BART	\$1,525,291
	Subtotal		\$1,220,233	\$305,058		\$1,525,291
	TOTAL		\$4,604,653	\$1,151,163		\$5,755,816

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

DATE: March 6, 2015

FROM: General Manager

SUBJECT: Consent Calendar Item #2.C: FY15 Second Quarter Financial Report

The FY15 Second Quarter Financial Report (October - December 2014) is attached. The year-to-date net operating result is favorable to budget by \$8.1M.

Operating Sources

Ridership growth continued into the second quarter. At 441,428 average weekday exits, October was the highest month in BART's history due in part to the 512,640 trips at the Giants 2014 World Series Parade. The new Oakland International Airport station had over 110,000 entries plus exits between the November 22 opening of service and the end of December, a 30% increase over the prior year's AirBART bus service. For the entire BART system, total trips for the quarter were 3.7% over budget and year-to-date fare revenue 5.6% greater than expected.

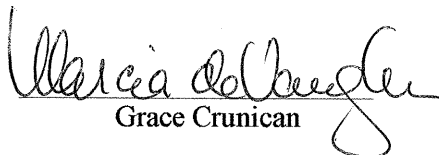
Sales Tax revenue in the second quarter grew 7.4% from one year earlier. Year-to-date, sales tax is \$4.1M over budget, with 7.7% growth over the first half of FY14.

State Transit Assistance (STA) was under budget as the \$5.5M payment expected in December was received in February. STA is an area of concern and is expected to be under budget by year-end.

Operating Uses

Labor and benefits were unfavorable by \$5.8M (5.6%) for the quarter and \$7.6M unfavorable year-to-date. Overtime continues to be an issue, and with delay incidents and maintenance needs increasing is likely to continue at a high level. Non-labor is \$5.1M favorable year-to-date, due in part to timing of expenses and lower power market prices and carbon fee timing, which helped reduce the total negative expense variance to \$2.6M.

Fiscal Year 2015 major revenue categories are solid, but we continue to be cautious about the outlook for FY15. Expenses have been under pressure for a number of years due to the critical maintenance needs of BART's aging system. The Asset Management Program has made it clear that increased investment in capital rehabilitation is a necessity or maintenance needs will continue to increase.


Grace Crunican

Attachment

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

Quarterly Financial Report

Second Quarter

Fiscal Year- 2015

	Current Quarter			Year to Date		
	Budget	Actual	Var	Budget	Actual	Var
(\$ Millions)						
Revenue						
Net Passenger Revenue	108.7	115.2	6.0%	220.4	232.7	5.6%
Parking Revenue	6.6	6.6	-0.5%	13.1	12.9	-1.5%
Other Operating Revenue	5.0	5.0	-1.2%	10.1	10.5	3.6%
Total Net Operating Revenue	120.3	126.7	5.3%	243.6	256.1	5.1%
Expense						
Net Labor	102.6	108.3	-5.6%	206.6	214.2	-3.7%
OPEB Unfunded Liability	0.6	0.6	-3.0%	1.2	1.2	-1.1%
Electric Power	9.3	8.3	11.1%	19.2	17.2	10.4%
Purchased Transportation	5.0	5.0	-0.3%	9.2	9.1	0.1%
Other Non Labor	28.3	29.2	-3.3%	55.9	52.9	5.3%
Total Operating Expense	145.8	151.5	-3.9%	292.1	294.7	-0.9%
Operating Surplus (Deficit)						
	(25.5)	(24.8)	2.7%	(48.4)	(38.7)	20.2%
MTC Rail Fund Car Swap						
	(19.3)	(22.5)	-16.8%	(38.5)	(45.6)	-18.4%
Taxes and Financial Assistance						
Sales Tax	57.9	59.8	3.3%	113.9	118.0	3.6%
Property Tax, Other Assistance	17.6	17.8	1.3%	19.5	19.1	-1.7%
MTC Rail Fund Car Swap	19.3	22.5	16.8%	38.5	45.6	18.4%
State Transit Assistance	5.5	0.0	-100.0%	5.5	0.0	-100.0%
Debt Service	(14.0)	(14.0)	0.0%	(28.0)	(28.0)	0.0%
Capital and Other Allocations	(45.4)	(45.3)	-0.2%	(91.1)	(91.1)	-0.1%
OPEB Unfunded Liability Offset	0.6	0.6	4.2%	1.2	1.2	2.2%
Net Financial Assistance	41.5	41.5	0.0%	59.4	64.9	9.3%
Net Operating Result						
	(3.2)	(5.8)		(27.5)	(19.3)	
System Operating Ratio						
	82.5%	83.6%	1.1%	83.4%	86.9%	3.5%
Rail Cost / Passenger Mile						
	0.36 ¢	0.36 ¢	-0.2%	0.33 ¢	0.32 ¢	3.5%

* Totals may not add due to rounding to the nearest million.

■ No Problem

□ Caution: Potential Problem/Problem Being Addressed

■ Significant Problem

Revenue

- Avg weekday trips for the quarter were 422,995, 5.1% over budget and 12.4% over the same quarter last year due to the strike in October 2013. Excluding the strike days, ridership grew 8.0%, and as a result, net passenger revenue was 6.0% over budget.
- Parking revenue was on budget and is expected to be \$0.5M over budget for the year.
- Other operating revenue was on budget for quarter & positive YTD.

Expense

- Labor and benefits were unfavorable by \$5.7M or (5.6%), with overtime and capital labor credits continuing to be the main contributing factors.
- OPEB unfunded liability is shown as an expense and is offset; there is no bottom line impact.
- Electric Power was on budget for the quarter and favorable YTD due to power market prices lower than budget, carbon fee timing & other. PG&E supplemental power will impact the budget beginning in January due to delivery issues with market power.
- Other Non Labor was slightly unfavorable by \$0.9M or (3.3%) for the quarter.

Operating Deficit

- The operating deficit (revenue minus expense) was \$0.7M favorable for the quarter because the favorable revenue variance exceeded the unfavorable operating expense variance.

MTC Rail Car Swap

- The MTC rail car fund swap is a funding exchange program between MTC and BART that does not affect the net operating result.

Financial Assistance and Allocations

- Sales Tax for the quarter grew 7.4% over 2QFY14, \$1.9M favorable.
- Property Tax, Other Assistance was \$0.2M favorable to budget due to timing of property tax payments.
- STA will likely be \$4.0M or more negative for the year, based upon recent estimates from MTC, however the current variance is due to timing of payments.

Net Operating Result

- The Net Operating Result for the quarter was unfavorable by \$2.6M, due to unfavorable Operating Expense results and timing issues on STA funding. The YTD result is favorable by \$8.2M.



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Marisa Delbruge</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: c 3/5/15		BOARD INITIATED ITEM: No		
Originator/Prepared by: Carol Isen Dept: Employee Relations <i>Carol Isen</i> 3/5/15	General Counsel <i>Andrew...</i> 3/5/15	Controller/Treasurer <i>[Signature]</i>	District Secretary []	BARC <i>[Signature]</i> 3-5-15 []
Signature/Date: [] [] [] [] []				

TITLE:

Project Stabilization Agreement for the Component Repair Building and Shop Modification Project at the Hayward Maintenance Complex (HMC) Contract No. 01RQ-110

NARRATIVE:

PURPOSE: To obtain Board authorization to adopt a Project Stabilization Agreement for the Component Repair Building and Shop Modification Project at the Hayward Maintenance Complex, Contract No. 01RQ-110.

DISCUSSION: The proposed Project Stabilization Agreement (PSA) is modeled on the PSA executed between BART and the Alameda County Building & Construction Trades Council, AFL-CIO, in October 2009, covering work performed on the Oakland Airport Connector (OAC) Project. The parties relied on the terms and conditions of the OAC/PSA for the PSA for the Hayward Maintenance Complex Contract No. 01RQ-110, with two significant modifications: 1) the local hire provisions of the OAC have been replaced with a combination of two federally approved programs for Workforce Development; and 2) Core Employee provisions for use by Disadvantaged Business Enterprises performing work included in the scope of the HMC-PSA have been added. Other modifications made to bring the PSA up to date include a Helmets to Hardhats provision, and language bringing the Joint Administrative Committee into alignment with standard industry practice.

Workforce Development Program. Because the Federal Transit Administration (FTA) has not permitted local hire provisions under FTA- funded contracts, the local hire provisions from the OAC-PSA were not carried over to the HMC-PSA. Recently, FTA has indicated it is working to interpret a new Federal directive regarding geographic preferences but it has not yet issued any guidance. Therefore, the HMC-PSA contains a Workforce Development Program consisting of two components.

The first component, Federally Targeted Workers, applies to all construction employment covered by the HMC-PSA. It consists of minority and female participation goals based on Executive Order No. 11246 and its implementing regulations, under which female and minority hiring goals are set by the Office of Federal Contract Compliance Programs ("OFCCP"). Currently, the OFCCP Federal Register publications have established affirmative action percentage goals of 25.6% of work hours for minorities, and 6.9% for women for the San Francisco-Oakland Standard Metropolitan Statistical Area. The Federally Targeted Worker element is currently in use by AC Transit in the PSA for its Bus Rapid Transit project.

The second component addresses disadvantaged workers, establishing a goal of 25% for apprentices who reside in zip codes categorized by the federal government as Economically Disadvantaged or Extremely Economically Disadvantaged, and including a goal of 10% for entry

level apprentices who face one or more other defined barriers to employment. A similar disadvantaged worker program is being used by the California High Speed Rail Authority. Under the terms of the HMC-PSA, the District would play a role in verifying eligibility of apprentices for economically disadvantaged status who are referred to contractors from community organizations.

Disadvantaged Business Enterprises (DBE) and Core Worker. As was the case with the OAC-PSA, the proposed HMC-PSA leaves an opening for DBEs who might choose not to sign the PSA.

Under this “carve out”, up to \$3,500,000 may be awarded to DBEs who would not be subject to the proposed HMC-PSA. The proposed HMC-PSA also explicitly prohibits retaliation against any DBE that participates under this carve out.

The HMC-PSA also adds a new core worker provision, which allows DBEs who are awarded work under the proposed HMC-PSA to utilize up to five of their own employees per craft, on a one-to-one ratio with the HMC-PSA union signatories. Non-DBE firms awarded work under the HMC-PSA are required to rely exclusively on the union dispatch processes to execute HMC-PSA work.

Other provisions include:

- **Helmets to Hardhats.** A provision was added to recognize the desire to facilitate entry of veterans into the building and construction trades.
- **Joint Administrative Committee.** The Proposed HMC-PSA, consistent with standard industry practice, limits participation to District staff, the prime contractor, and representatives of the Alameda County Building & Construction Trades Council. The Committee’s purpose is oversight of the HMC-PSA, including monitoring progress of key provisions, and resolving issues and disputes prior to referral to the grievance procedure.
- **Meet & Confer Over Additional Work.** The HMC-PSA contains a provision that obligates the District and the Unions to negotiate over the possible inclusion of additional work in the Hayward Maintenance Complex, with sufficient time to permit inclusion in bid documents.

Office of Civil Rights. The District’s Office of Civil Rights was consulted throughout the bargaining process and has reviewed and approved the document as presented.

FISCAL IMPACT: Adoption of the HMC-PSA is not anticipated to have a measurable fiscal impact.

ALTERNATIVES: Due to funding constraints tied to time limits placed on the award and completion of work, the only alternative is to award Hayward Maintenance Complex Contract No. 01RQ-110 without requiring the contract to abide by the terms of the proposed HMC-PSA.

RECOMMENDATIONS: To approve the Hayward Maintenance Complex Project Stabilization Agreement.

MOTION: Authorize the General Manager to execute a Project Stabilization Agreement with the Alameda County Building & Construction Trades Council and its affiliated local unions in

Project Stabilization for HMC

connection with the Component Repair Building and Shop Modification Project at the Hayward Maintenance Complex consistent with the substantive terms described in this EDD. The Agreement will be approved as to form by the General Counsel.



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Walter DeBorja</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: c 3/4/15		BOARD INITIATED ITEM: No		
Originator/Prepared by: John Yen Dept: Maintenance and Engineering / Systems Engineering Signature/Date: <i>John Yen</i> 3/3/2015	General Counsel <i>Michelle Ruvins</i> 2/26/15	Controller/Treasurer <i>[Signature]</i>	District Secretary []	BARC <i>Paul Crivier</i> 3/3/15

TITLE:

Sole Source Procurement and Installation of Upgraded Components for Automatic Fare Collection Equipment (Two-Thirds Vote Required)

NARRATIVE:

PURPOSE: To obtain Board authorization, in accordance with Public Contract Code Section 20227, to enter into negotiations and execute a contract with Cubic Transportation Systems, Inc. (CTS), for the Procurement and Installation of Upgraded Components for Automatic Fare Collection Equipment, in an amount not to exceed \$ \$12,636,550.00, plus applicable taxes.

DISCUSSION: In 2003, the District completed its AFC Modernization program to replace all automatic fare collection (AFC) equipment in the BART system with new equipment manufactured by CTS under Contract No. 47BC-110. All Ticket Vending Machines (TVMs), Add Fare Machines (AFMs), Fare Gates, and Accessible Fare Gates (AFGs) were replaced. In 2008, the District added to the AFC Modernization program by issuing a change order to Contract No. 47BC-110 to include Parking Validation Machines (PVMs) to support the District's new parking charge initiatives.

Much of the AFC equipment procured under the AFC Modernization program has been in operation for over 10 years and is approaching the normal operating life of 15 years. Many of the internal hardware and software components are obsolete, and maintenance of the equipment is becoming more difficult due to the lack of available spare parts and future vendor support for obsolete parts. To address these concerns, staff has determined that all obsolete components in the current fare collection equipment must be upgraded to match the components used in the CTS-provided AFC equipment at the Warm Springs Station, which is scheduled to open in 2015.

The material and services required to upgrade the District's AFC equipment can only be provided by CTS. The refreshed equipment requires integration with software provided by, and proprietary to, CTS. Also, the documentation required for the production of hardware components is proprietary to CTS. Because of the proprietary nature of the hardware and software components in the refresh kits, integration with a non-CTS supplier would unreasonably increase costs and protract the timeline for delivery.

Pursuant to Public Contract Code Section 20227, the Board may direct the purchase of any supply, equipment or material without observance of competitive bidding upon a finding by two-thirds of all members of the Board that there is only a single source of procurement and that

the purchase is for the sole purpose of duplicating or replacing equipment currently in use.

Staff is now seeking to enter into direct negotiations with CTS in order to execute a sole source contract for the procurement and installation of upgraded components in the form of “asset refresh” kits at 44 BART stations, at a cost not to exceed \$12,636,550.00, plus applicable taxes. The Office of the General Counsel will approve the Contract as to form. Pursuant to the revised DBE Program, the Office of Civil Rights is utilizing race and gender neutral efforts for Procurement contracts. Therefore, no DBE goal was set for this contract.

FISCAL IMPACT:

The total Contract amount of \$12,636,550.00 plus applicable sales tax cost is included in the total project budget for project 47CJ008, funded with the following funding sources.

Fund Source	Fund	Descr	Total
FTA	3002	FTA CA-090-Y873-00	2,422,315.54
	352W	FY04 CAP ASST PGM CA-9	136,115.76
	353M	CA-05-0248 FG MOD-FY10 CAPI	267,989.12
	3602	FTA CA-54-0007-00 FY13 Cap Im	2,374,827.57
	3603	FTA 5337 CA-54-0023-00	5,941,713.81
Metropolitan Transportaion Commission	6302	B-Toll AB664 FY12-13 13408004	335,026.00
	6303	MTC B-Toll AB664 FY 13-14	500,000.00
BART Allocation and Sales Tax Bonds	801C	INTEREST EARNING FM G.	6,622.49
	8205	1995 SALES TAX REV BON	21,445.10
	8206	1998 SALES TAX REV BON	955.54
	8301	98 BOND INTEREST(06E-5	79,586.24
	850W	FY00-06 CAPITAL ALLOCA	75,396.75
	850X	CAP ALLOC.-SEISMIC NON	66,997.28
	851W	FY07-11 CAPITAL ALLOCA	718,433.61
	8524	FY2012 Operating Capital Alloc	985,428.95
	8811	CAP FD INTEREST EARNED	82,147.00
Grand Total			14,015,000.76

The Controller/Treasurer certifies that funds are currently available to meet this obligation. Capital Development and Control certifies the eligibility of identified funding sources prior to the execution of the Contract.

As of February 17, 2015, the total project budget is \$14,015,000.76. BART has expended \$11,437.20, and committed zero dollars to date for other actions. This action will commit \$13,601,693.00, including applicable sales taxes, leaving an uncommitted balance of \$401,870.56.

There is no fiscal impact on available unprogrammed District Reserves.

ALTERNATIVES: Based on the single source for upgrade of the District's existing AFC equipment, there is no feasible alternative. Replacing all existing AFC equipment with new equipment through a Request for Proposal (RFP) process is not necessary at this time and would be time consuming and very costly.

RECOMMENDATION: Adoption of the following motion.

MOTION: Pursuant to Public Contract Code Section 20227, the Board finds that Cubic Transportation Systems, Inc. is the single source for the Procurement and Installation of Upgraded Components for Automatic Fare Collection Equipment, and that the purchase is for the sole purpose of duplicating or replacing equipment in use at the District. The Board authorizes the General Manager to enter into direct negotiations and execute a contract with Cubic Transportation Systems, Inc., for the Procurement and Installation of Upgraded Components for Automatic Fare Collection Equipment, in the form of "asset refresh" kits at 44 stations, for an amount not to exceed \$12,636,550.00, plus applicable taxes.

Two-thirds vote required.

SAN FRANCISCO BAY AREA RAPID TRANSIT

MEMORANDUM

TO: Board of Directors

DATE: March 6, 2015

FROM: General Manager

SUBJECT: E&O Agenda Item #4.B: Warm Springs Extension Project: Semi-Annual Project Update – For Information

At the March 12th Board of Director's meeting, staff will provide an update on the progress of the Warm Springs Extension (WSX) Project, which will include a discussion of the project schedule, budget, customer access, interim and long-term service plan options, environmental compliance, and the status of construction contracts that are underway and planned.

If you have any questions about the attached presentation, please contact Paul Medved, Group Manager, Planning & Development at (510) 287-4750.



Grace Crunican

Attachment

cc: Board Appointed Officers
Deputy General Manager
Executive Staff



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>Walter deVander</i>		GENERAL MANAGER ACTION REQ'D: Approve and forward to the Board of Directors		
DATE: c <i>3/4/15</i>		BOARD INITIATED ITEM: No		
Originator/Prepared by: Paul Medved Dept: Planning & Development <i>Paul Medved 2/24/15</i>	General Counsel <i>[Signature]</i> 2-24-14 []	Controller/Treasurer <i>[Signature]</i> []	District Secretary []	BARC <i>Paul Cramer 3/2/15</i> []

TITLE:

CHANGE ORDER NO. 95 TO CONTRACT NO. 02EE-120, WSX DESIGN-BUILD LINE, TRACK, STATION, AND SYSTEMS (DIFFERING SITE CONDITIONS, CONTAMINATED SOIL)

NARRATIVE:

PURPOSE:

To obtain Board authorization for the execution of Change Order No. 95, Differing Site Conditions - Contaminated Soil, in the amount of \$2,500,000 to Contract No. 02EE-120, Warm Springs Extension (WSX) Design-Build Line, Track, Station, and Systems.

DISCUSSION:

Award of Contract No. 02EE-120 (the "WSX LTSS Contract") to Warm Springs Constructors ("Contractor"), in the amount of \$299,050,000.00 was authorized by the Board on June 23, 2011. Notice to Proceed was issued on October 5, 2011. To date, the WSX LTSS Contract is approximately 80% complete.

The WSX LTSS Contract scope requires considerable amount of earthwork activity to be performed by the Contractor. Much of this activity takes place in former railroad right-of-way as well as in former agricultural property at the Warm Springs/South Fremont Station site. As such, the Contractor has had to contend with significant quantities of excavated soils containing elevated levels of one or more hazardous materials. For the most part, these contaminated soils were known in advance and, according to the WSX Extension Project's "Removal Action Workplan" as approved by the California Department of Toxic Substances Control, did not require off haul and disposal, but rather could be capped and contained beneath the BART trackway. However, some surplus soils outside of the Removal Action Workplan limits which were destined to leave the site were claimed to contain materials contaminated to levels qualifying as a differing site condition under the Contract.

According to the District's General Conditions, contaminated materials are considered a differing site condition if they are found to exceed both residential screening levels as established by the Regional Water Quality Control Board - San Francisco Bay Region, the Department of Toxic Substances Control, or the United States Environmental Protection Agency Region 9, and regional background concentrations if greater than the residential screening levels. Some of the materials were confirmed to exceed the specified levels and, accordingly, qualify as differing site conditions.

The District issued Change Notice No. 92 to the Contractor in recognition that the Contractor would experience extra costs associated with this differing site condition which could not have been anticipated at the time of Bid. Change Order No. 95 is intended to fairly compensate the Contractor for verifiable costs associated with Change Notice No. 92.

Pursuant to Board Rule 5-2.4, Change Orders involving expenditures greater than \$500,000 on the WSX LTSS Contract require Board approval.

The Office of the General Counsel will approve this Change Order as to form prior to execution. The Procurement Department will review this Change Order prior to execution for compliance with procurement guidelines.

FISCAL IMPACT:

Funding of \$2,500,000 for Change Order No. 95 to Contract No. 02EE-120 is available in project 02EE000. The Controller/Treasurer certifies that funds are currently available to meet this obligation. The following table depicts funding assigned to the referenced project since January 2010, and is included in totality to track funding history against spending authority. Funds needed to meet this request will be expended from a combination of these sources as listed:

As of January 8, 2015, \$418,820,694.50 is available for this project from the following sources:

Fund No.	Source	Fund Description	Amount
535A	State	Prop 1B – PTMISEA	\$ 6,987,098.00
535X	State	Prop 1B – PTMISEA	\$ 1,092,440.00
535Y	State	Prop 1B – PTMISEA	\$ 31,274,999.99
536B	State	Prop 1B – SLPP	\$ 23,341,000.00
5553	State	CTC Warm Springs	\$ 727,000.00
555N	State	CTC Warm Springs	\$ 12,000,000.00
6216	Regional	RM2 Alloc.	\$ 10,315,956.49
663R	Regional	ACTIA Meas. B – WSX Stage 2.	\$112,925,000.01
536C	State	WSX SLPP FY11 / 12	\$ 11,894,000.00
6102	Regional	MTC RM1 WSX	\$113,000,000.00
6403	Regional	MTC AB1171 WSX2	\$ 5,000,000.00
656F	Regional	VTA/Santa Clara Meas. C – WSX2	\$ 8,000,000.01
536A	State	WSX SLPP FY09 / 10	\$ 23,158,000.00
535V	State	Prop 1B – PTMISEA FY10-11	\$ 28,338,275.00
6218	Regional	RM2 Alloc. 11366705	\$ 21,254,925.00
536D	State	Prop 1B – SLPP	\$ 9,512,000.00
		Total	\$418,820,694.50

BART has expended \$287,313,956.49, encumbered \$93,996,122.51, and pre-encumbered \$7,639,031.97 to date. This action will encumber a maximum of an additional \$2,500,000 leaving an available fund balance of \$27,371,583.53.

There is no fiscal impact on available un-programmed District Reserves.

ALTERNATIVES:

The Board may elect not to authorize the execution of this Change Order. In that event, the District will likely receive a claim from the Contractor for costs for differing site conditions due to the existence of contaminated soils on the Jobsite.

RECOMMENDATION:

Recommend that the Board approve the following motion:

MOTION:

The General Manager is authorized to execute Change Order No. 95, Differing Site Conditions - Contaminated Soil, to Contract No. 02EE-120, Warm Springs Extension Design-Build Line, Track, Station, and Systems, in the amount of \$2,500,000.

CONTRACT No. 02EE-120

CHANGE ORDER NO. 95

CHANGE ORDER SUMMARY**BACKGROUND**

Program: Warm Springs Extension Project (WSX)
 Contractor: Warm Springs Constructors
 NTP Date: October 5, 2011
 Monetary Completion as of 1/5/15: 81%
 Physical Completion as of 1/5/15: 81%

<u>COST</u>	<u>% of Award</u>	<u>CO Totals</u>	<u>Contract Amount</u>
Original Contract Amount			\$299,050,000
Other than Board Authorized CO's*	3.37%	\$10,069,835	
(*Does not include CO 2 [\$4,709,000] for exercised AFC bid options since these options are paid for by others.)			
Board Authorized CO's**	1.17%	\$3,500,000	
(**Includes \$3,500,000 for pending CO #94)			
This CO (#95)	0.84%	\$2,500,000	
Subtotal of all CO's	5.38%	\$16,069,835	
<u>Revised Contract Amount</u>			\$315,119,835

SCHEDULE

Original Contract 1,530 days
 Time Extension to Date 0 days
 Time Extension due to approved CO's (rain) 0 days
 Revised Contract Duration 1,530 days

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

MEMORANDUM

TO: Board of Directors

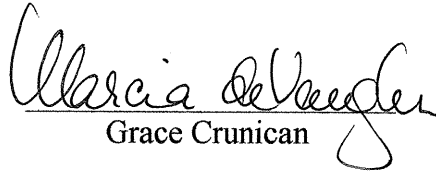
DATE: March 6, 2015

FROM: General Manager

SUBJECT: PPAAL Agenda Item #5.A: Bicycle Access to BART: Annual Update – For Information

At the Board meeting on March 12, 2015, staff will present an update on bike access trends and activities over the last year. The attached presentation includes updated access numbers, results of a passenger survey conducted to gauge how new bike rules, an update on bike parking initiatives, and an update on efforts to improve cyclists' observance of bike rules.

If you have questions, please contact Carter Mau at (510) 464-6194.


Grace Crunican

Attachment

cc: Board Appointed Officers
Deputy General Manager
Executive Staff

SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

INTER-OFFICE COMMUNICATION

TO: Board of Directors

Date: March 6, 2015

FROM: Controller-Treasurer

SUBJECT: QUARTERLY REPORT OF THE CONTROLLER-TREASURER

Attached is the Quarterly Report of the Controller-Treasurer for the quarter ending 12/31/14.

In addition to the report I will be introducing an action item for the Board's consideration regarding establishment of a trust for Other Post Employment Benefits (OPEB)

Please feel free to call me at 510-464-6070 with any questions you may have.



Scott L. Schroeder



EXECUTIVE DECISION DOCUMENT

GENERAL MANAGER APPROVAL: <i>[Signature]</i>		GENERAL MANAGER ACTION REQ'D:		
DATE: 3/6/15		BOARD INITIATED ITEM: No		
Originator/Prepared by: Alfonzo Rigel Dept: Controller-Treasurer <i>[Signature]</i> Signature/Date: 3/6/15	General Counsel <i>[Signature]</i> 3/6/15	Controller/Treasurer <i>[Signature]</i>	District Secretary []	BARC []
Status: Routed		Date Created: 03/03/2015		

TITLE:
CREATION OF LIFE INSURANCE AND EMPLOYEE SURVIVOR BENEFITS TRUST

NARRATIVE:
PURPOSE:

To obtain Board approval to create a Life Insurance and Employee Survivor Benefits Trust ("Trust") that meets the requirements of the Governmental Accounting Standards Board (GASB) to serve as a vehicle to hold assets set aside for certain post employment benefits ("OPEBs") provided by the District, to adopt an investment policy for the Trust, to appoint a trustee, to authorize the General Manager to enter into an indemnification agreement with the trustee and to authorize the Controller-Treasurer to seek IRS rulings pertaining to the trust as may be deemed necessary or appropriate.

DISCUSSION:

Pursuant to its current collective bargaining agreements and District policy pertaining to non-represented employees, the District provides certain post employment benefits other than pensions to its employees and eligible retirees and their survivors. Under the GASB rules, public entities that provide OPEBs are required either to transfer assets for required funding of the benefit to a trust or equivalent arrangement or to recognize the liability for the benefits on their balance sheets. In 2004, in anticipation of the then-pending GASB rules, the District established the Retiree Health Benefits Trust (RHBT) as a funding vehicle for certain retiree health benefits.

The Board is now being asked to approve creation of a second Trust to fund certain other OPEB benefits that are provided pursuant to the District's collective bargaining agreements and District policy pertaining to non-represented employees. These benefits include life insurance benefits for eligible retirees (or more accurately, their beneficiaries) and additional survivor benefits for the survivors of eligible employees and retirees who are enrolled in the Survivor Benefit Program and pay contributions to the District.

The Board is also being asked to approve the investment policy for the Trust. Portions of the Trust funds will be invested in the same manner as the District's surplus funds and, where permitted by the California Government Code and other statutory provisions, other portions of the Trust's funds will be invested with more flexibility than is permitted for the investment by the District of surplus funds.

FISCAL IMPACT:

Legal fees associated with establishment of the Trust will be charged to the Office of the Controller-Treasurer under Professional Fees account # 681300. Funding of the Trust will be accomplished through future Board action.

MOTION:

To adopt the attached resolution, entitled "In the Matter of creation of a Life Insurance and Employee Survivor Benefits Trust, Approval of an Investment Policy for the Trust and Indemnification of the Trustee"

BEFORE THE BOARD OF DIRECTORS OF
THE SAN FRANCISCO BAY AREA RAPID TRANSIT DISTRICT

In the Matter of Creation
of a Life Insurance and Employee
Survivor Benefits Trust,
Approval of an Investment
Policy for the Trust, and
Indemnification of the Trustee

Resolution No. _____

WHEREAS, the District currently has obligations to provide certain post employment life insurance and survivor benefits to eligible employees, retirees and their eligible dependents and beneficiaries; and

WHEREAS, under rules of the Government Accounting Standards Board (GASB rules), the District must include financial reporting of post employment benefits other than pensions, including post employment life insurance and survivors benefits; and

WHEREAS, under the GASB rules, employers must recognize a liability for these benefits, including a portion of accrued unfunded liability; and, in order to qualify as an offset against this liability, assets set aside for this purpose must be irrevocably transferred to a trust, or an equivalent arrangement, in which they are dedicated to providing the benefits and protected from creditors of the employer; and

WHEREAS, the California Government Code and other statutory provisions provide a mechanism for local agencies to create a trust to fund these benefits, the assets of which would qualify, under the GASB rules, as an offset against liability for the post employment benefits and a portion of which assets may, with Board approval of an investment policy for such a trust, be invested with more flexibility than District surplus funds; and

WHEREAS, the Board of Directors of the San Francisco Bay Area Rapid Transit District desires to create a trust to provide for funding of the District's liability for post employment life insurance and survivor benefits;

NOW, THEREFORE BE IT RESOLVED that the Board hereby approves creation of The San Francisco Bay Area Rapid Transit District Life Insurance and Employee Survivor Benefits Trust ("the Trust") in accordance with the California Government Code; and

BE IT FURTHER RESOLVED that the Board shall have the authority to appoint and remove trustees, amend and terminate the Trust, and designate those employee benefit plans of the District to be funded by the Trust; and

BE IT FURTHER RESOLVED that the trustees shall have broad authority to administer the Trust, including, but not limited to, hiring consultants, experts, investment advisors and managers and investing Trust assets in accordance with an investment policy authorized by the Board; and

BE IT FURTHER RESOLVED that initially the sole trustee shall be the Controller-Treasurer of the District; and

BE IT FURTHER RESOLVED that the Board hereby designates the District's life insurance and survivor benefits plans to be funded in whole or in part by the Trust; and

BE IT FURTHER RESOLVED that the Trustee may establish such custodial or other segregated accounts for portions of the Trust Fund as the Trustee, in its discretion, determines is appropriate in light of any limitations or other requirements as may be applicable to the investment of the Trust Fund; and

BE IT FURTHER RESOLVED that the Board desires that the Trustee have broader authority for investment of Trust assets, where permitted by the California Government Code and other statutory provisions, than otherwise would be permitted for the investment by the District of surplus funds, and therefore adopts the Statement of Investment Policy, Objectives and Guidelines for the San Francisco Bay Area Rapid Transit District Life Insurance and Employee Survivor Benefits Trust, a copy of which is attached hereto and incorporated by reference herein; and

BE IT FURTHER RESOLVED that the General Manager is authorized to enter into an agreement to indemnify the Trustee for claims for injury arising out of acts and omissions occurring within the scope of his employment as Trustee in the same manner as provided by California Government Code Sections 825 et. seq., but only to the extent that the Trust does not so provide; and

BE IT FURTHER RESOLVED that the Controller-Treasurer, on advice of legal counsel, is authorized to request, as necessary or appropriate, rulings from the Internal Revenue Service in regard to the Trust; and

BE IT FURTHER RESOLVED that the President of the Board is authorized to sign the Trust agreement on behalf of the Board.

*The San Francisco Bay Area Rapid Transit District
Life Insurance and Employee Survivor Benefits Trust*

STATEMENT OF INVESTMENT POLICY

OBJECTIVES AND GUIDELINES

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Statement of Investment Policy, Objectives and Guidelines
for the
San Francisco Bay Area Rapid Transit District
Life Insurance and Employee Survivor Benefits Trust

GENERAL INFORMATION

The investment objectives of the San Francisco Bay Area Rapid Transit District Life Insurance and Employee Survivor Benefits Trust (the “Trust”) include, where statutorily permissible, achieving consistent long-term growth for the Trust and maximizing income consistent with the preservation of capital for the sole and exclusive purpose of providing benefits to participants and their beneficiaries in designated employee benefits programs, and defraying reasonable expenses of administering the Trust.

SCOPE OF THIS INVESTMENT POLICY

This Statement of Investment Policy, Objectives, and Guidelines (“Statement”) reflects the investment policy, objectives and constraints of the Trust, and is required pursuant to Section 8.1 of the Trust document.

PURPOSE OF THIS INVESTMENT POLICY STATEMENT

This Statement is set forth by the Board to:

1. Define and assign the responsibilities of all involved parties.
2. Establish a clear understanding for all involved parties of the investment goals and objectives for Trust assets.
3. Offer guidance and limitations to all investment managers (“Managers”) regarding the investment of Trust assets.
4. Establish a basis for evaluating investment results.
5. Ensure that Trust assets are managed in accordance with applicable legal requirements.
6. Establish the relevant investment horizon for which Trust assets will be managed.

INVESTMENT AUTHORITY

The BART Board of Directors establishes the general investment policy and guidelines for the Trustee to follow. Statutory authority for the Trustee's investment duties is found in Public Utilities Code Section 29100 and California Government Code (the "Government Code") Sections 53206, 53601 and 53620, et seq. The Trustee has the authority to implement the policy and guidelines in the best interest of the Trust to best satisfy the purposes of the Trust. In implementing this policy the Trustee may delegate certain functions to:

1. An investment management consultant ("Consultant") to assist the Trustee in establishing investment policies, objectives, and guidelines; selecting Managers; reviewing such managers over time; measuring and evaluating investment performance; and other tasks as deemed appropriate;
2. Managers with discretion to purchase, sell, or hold the specific securities that will be used to meet the Trust's investment objectives;
3. A custodian, if needed, to physically (or through agreement with a sub-custodian) maintain possession of securities owned by the Trust, collect dividend and interest payments, redeem maturing securities, and effect receipt and delivery following purchases and sales. The custodian may also perform regular accounting of all assets owned, purchased, or sold, as well as movement of assets into and out of the Trust accounts;
4. A co-trustee, such as a bank trust department, to assume fiduciary responsibility for the administration of Trust assets; and
5. Additional specialists such as attorneys, auditors, actuaries, retirement plan consultants, and others to assist in meeting its responsibilities and obligations to administer Trust assets prudently.

AUTHORIZED INVESTMENTS

Investments shall be those permitted under Public Utility Code Section 29100 and Government Code Sections 53601 and 53620, et seq., as applicable to the particular benefits to be funded and provided. All investments shall be directed by the principles discussed in this Statement, including the type of investments that are permitted, maturity limitations, portfolio diversification, and credit quality standards.

GENERAL INVESTMENT PRINCIPLES

1. Investments shall be made solely in the interest of the participants and beneficiaries of the Trust and for the exclusive purpose of providing health and welfare benefits, and defraying the reasonable expenses of administration.
2. The Trust shall be invested with the care, skill, prudence, and diligence under the circumstances then prevailing that a prudent man acting in like capacity and familiar with such matters would use in the investment of a trust of like character and with like aims.

3. Subject to applicable statutory requirements, investments of the Trust shall be diversified so as to minimize the risk of large losses, unless under the circumstances it is clearly prudent not to do so.
4. The Trustee may employ one or more Managers of varying styles and philosophies to attain the Trust's objectives.
5. Cash is to be employed productively at all times, by investment in short term cash equivalents to provide safety, liquidity, and return.
6. Derivative Investment. Unless a specific type of derivative security is allowed in this document, the Manager(s) must seek permission from the Trustee to include derivative investments in the Plan's portfolio. The Manager(s) must present detailed information as to the expected return and risk characteristics of such investment vehicle.
7. The investment of assets used to provide health and welfare benefits for active employees, their dependents and beneficiaries and life insurance for retirees shall be made in accordance with the limitations on investments under Public Utility Code Section 29100 and Government Code Section 53601.
8. The investment of assets used to provide health benefits to retirees, their dependents or beneficiaries may be made in accordance with the investment provisions of Government Code Section 53620, et seq.

INVESTMENT MANAGEMENT POLICY

1. Preservation of Capital — Consistent with their respective investment styles and philosophies, Managers should make reasonable efforts to preserve capital, understanding that losses may occur in individual securities.
2. Risk Aversion — Understanding that risk is present in all types of securities and investment styles, the Board recognizes that some risk is necessary to produce long-term investment results that are sufficient to meet the Trust's objectives. However, selected Managers are to make reasonable efforts to control risk, and will be evaluated regularly to ensure that the risk assumed is commensurate with the given investment style and objectives.
3. Adherence to Investment Discipline — Managers are expected to adhere to the investment management styles for which they were hired. Managers will be evaluated regularly for adherence to investment discipline.

INVESTMENT OBJECTIVES

The primary objective in the investment management for Trust assets shall be to achieve over time an annualized total rate of return that, taking into account expected contributions and expenses, is sufficient to satisfy all Trust benefit obligations.

The secondary objective in the investment management of Trust assets shall be to preserve purchasing power of Trust assets. Risk control is an important element in the investment of Trust assets.

SPECIFIC INVESTMENT GOALS

The investment horizon for the Trust, as determined by the Trustee and established in this Statement, is a five (5) year rolling time period.

Over the investment horizon and subject to any applicable limitations under the Public Utility Code and Government Code, it is the goal of the aggregate Trust assets to meet or exceed:

The return of a balanced market index comprised of 45% Russell 3000 Index, 35% Barclays U.S. Aggregate Bond Index, 15% MSCI US REIT Index, and 5% Citigroup T-Bill-3 Month.

The investment goals above are the objectives of the aggregate Trust, and are not meant to be imposed on each investment account (if more than one account is used). The goal of each Manager, over the investment horizon, shall be to:

1. Meet or exceed the market index, or blended market index, selected and agreed upon by the Trustee that most closely corresponds to the style of investment management applicable to that Manager.
2. Display an overall level of risk in the portfolio which is consistent with the risk associated with the benchmark specified above. Risk will be measured by the standard deviation of quarterly returns.

Specific investment goals and constraints for each Manager, if any, shall be incorporated as part of this Statement. Each manager shall receive a written statement outlining his specific goals and constraints as they differ from those objectives of the entire Trust.

MARKETABILITY OF ASSETS

Subject to any applicable limitations imposed by the Public Utility Code and the Government Code, all Trust assets should be invested in liquid securities, defined as securities that can be transacted quickly and efficiently for the Trust, with minimal impact on market price.

INVESTMENT GUIDELINES

In the case of collective investments such as insurance company separate accounts, registered mutual funds, commingled funds, and/or limited partnerships, the governing documents with respect to the collective investments shall prevail.

Allowable Investments for Assets Used to Provide Retiree Health Benefits

1. No single investment shall exceed five percent of the total Trust assets (at market value) with the following exceptions: obligations of the U.S. Government; short-term money market funds that are within themselves diversified, including such funds provided by the Trust's custodian; index funds and other diversified commingled accounts that are within themselves diversified; and, for actively managed equity accounts, where, for issues that comprise more than 4% of the account's stated benchmark, the limit shall be 125% of the weight of the common stock in the benchmark.
2. No managed account shall incur any leverage (except for mutual funds which may borrow short term to meet temporary liquidity needs).
3. Cash Equivalents:
 - Treasury Bills
 - Money Market Trusts
 - STIF Trusts
 - Commercial Paper rated A-1/P1
 - Banker's Acceptances or Certificates of Deposit (of domestic banks with net worth in excess of \$2 billion or foreign banks with net worth, expressed in current U.S. dollars, of at least \$4 billion and which satisfy tier 1 and tier 2 or current Basel capital requirements)
 - Repurchase Agreements with Federal Reserve reporting dealers and maintained in accordance with Federal Reserve guidelines
4. Fixed Income Securities:
 - U.S., Agency, and Corporation Bonds (including Yankees) and Preferred Stock and Rule 144A issues, all rated investment grade by Standard & Poor's and/or Moody's. For Rule 144A securities the issue must be at least \$100 million, the issuer has common stock which trades in the U.S., and the issue must come with registration rights. The lowest of the ratings of any bond by the nationally recognized rating agencies shall govern concerning credit quality of fixed income instruments.
 - Mortgage- or asset-backed securities rated no lower than AA. In the case of "private label" mortgage securities the issuer/servicer must be a significant firm, and the issue must meet Securities Industry and Financial Markets Association (SIFMA) standards).
5. Equity Securities: U.S. and non-U.S. traded common, preferred stocks and convertible stocks and bonds, including American Depository Receipts (ADRs).

Allowable Investments for Assets Used to Provide Survivor Benefits to Active Employees and Life Insurance for Retirees

1. No single investment shall exceed five percent of the total Trust assets (at market value) with the following exceptions:
 - Federal agency or U.S. government-sponsored enterprise obligations, participations, or other instruments, including those issued by or fully guaranteed as to principal and interest by federal agencies or U.S. government-sponsored enterprises.
 - Short-term money market funds. Under Government Code Section 53601 (k), public agencies may invest 20 percent of their portfolio in mutual funds or money market. This policy permits the use of money market mutual funds as described in Government Code Section 53601 (k) (2), to the exclusion of other types of mutual funds. Government Code Section 53601 (k) (2) permits public agencies to invest in shares of beneficial interest issued by diversified management companies that are money market funds registered with the Securities and Exchange Commission under the Investment Company Act of 1940 (15 U.S.C. Sec. 80a-1, et seq.) if the company has met either of the following criteria: (A) Attained the highest ranking or the highest letter and numerical rating provided by not less than two nationally recognized statistical rating organizations or (B) Retained an investment advisor registered or exempt from registration with the Securities and Exchange Commission with no less than five years' experience investing in the securities and obligations authorized by subdivisions (a) to (j) of Government Code Section 53601, inclusive, or subdivisions (m) or (n) of Government Code Section 53601 and with assets under management in excess of five hundred million dollars (\$500,000,000).
2. No managed account shall incur any leverage (except for mutual funds which may borrow short term to meet temporary liquidity needs).
3. Cash Equivalents
 - Treasury Bills
 - Money Market Trusts
 - STIF Trusts
 - Commercial Paper rated A-1/P1
 - Banker's Acceptances or Certificates of Deposit (of domestic banks with net worth in excess of \$2 billion or foreign banks with net worth, expressed in current U.S. dollars, of at least \$4 billion and which satisfy tier 1 and tier 2 or current Basel capital requirements). Under Government Code Section 53601(g), purchases of bankers' acceptances shall not exceed 180 days' maturity or 40 percent of the agency's moneys that may be invested pursuant to this section. However, no more than 30 percent of the agency's moneys may be invested in the bankers' acceptances of any one commercial bank pursuant to this section.

- Repurchase Agreements with Federal Reserve reporting dealers and maintained in accordance with Federal Reserve guidelines. All repurchase agreements must be secured by eligible securities with a market value of 102 percent or greater of the funds borrowed. Agreements shall comply with the delivery requirements and the maturity provision from Government Code Section 53601.
4. Fixed Income Securities: A mortgage passthrough security, collateralized mortgage obligation, mortgage-backed or other pay-through bond, equipment lease-backed certificate, consumer receivable passthrough certificate, or consumer receivable-backed bond of a maximum of five years' maturity, in accordance with Government Code Section 53601(o). Securities eligible for investment under this subdivision shall be issued by an issuer having an "A" or higher rating for the issuer's debt as provided by an NRSRO and rated in a rating category of "AA" or its equivalent or better by an NRSRO. Purchase of securities authorized by this subdivision shall not exceed 20 percent of the agency's surplus moneys that may be invested pursuant to this section.

Prohibited Assets

Anything not expressly permitted by the Public Utility Code, the Government Code and/or this Statement of Investments Policy is prohibited; but for the sake of clarity the investment options below are expressly prohibited:

1. Commodities and Commodity Futures Contracts
2. Private Placements, letter or otherwise restricted stock. (As noted above, certain Rule 144A securities are allowed.)
3. Limited Partnerships
4. Venture-Capital Investments
5. Real Estate Properties
6. Interest-Only (IO), Principal-Only (PO), and Residual Tranche CMOs
7. OTC contracts, including, but not limited to, forwards and swaps. (For the purpose of this prohibition, mortgage passthroughs and TBAs meeting SIFMA standards are not OTC forwards.)
8. Structured notes whose coupon, principal payments or return are linked to the performance of an underlying asset or index by some multiple other than one.
9. Swaps
12. Inverse floaters
13. Range notes

14. Mortgage-derived, interest-only strips
15. Any security which could result in zero interest accrual if held to maturity

Prohibited Transactions

Prohibited transactions include, but are not limited to the following:

1. Short Selling
2. Margin Transactions

Asset Allocation Guidelines

To the extent permissible under the Public Utility Code and Government Code Section 53620, investment management of the assets of the Trust shall be made in accordance with the following asset allocation guidelines established by the Trustee.

<u>Asset Class</u>	<u>Minimum</u>	<u>Maximum</u>	<u>Preferred</u>
Equities	35%	55%	45%
Fixed Income	25%	45%	35%
Real Estate	10%	20%	15%
Cash and Equivalents	3%	10%	5%

At least quarterly, the Trustee shall assess the need to bring actual Trust asset allocations towards compliance with the targeted asset allocation. The Consultant shall have the authority to rebalance investment accounts when they fall outside of the target asset allocation ranges. Rebalancing shall be made first from normal cash flows, whenever prudent, and second by transferring funds between asset classes in a timely and cost effective manner.

Guidelines for Fixed Income Investments and Cash Equivalents

To the extent applicable under the Public Utility Code and Government Code:

1. In case of split ratings, the lower shall prevail. If subsequent to purchase, the grading of any security should fall below Baa/BBB, no action to reduce the holdings shall be required except as warranted by investment consideration as determined by the Manager; however the Manager shall notify the Trust of the change in grading and analysis of the situation in a timely fashion but in no event later than the next scheduled Trustee meeting.
2. Fixed income maturity restrictions are as follows:
 - Maximum maturity for any single security is 40 years.
 - Weighted average portfolio maturity may not exceed 25 years.
3. Money Market Trusts selected shall contain securities whose credit rating at the absolute minimum would be rated investment grade by Standard and Poor’s, and/or Moody’s.

SELECTION OF INVESTMENT MANAGERS

The Trust's selection of Manager(s) must be based on prudent due diligence procedures. A qualifying Manager must be a registered investment adviser under the Investment Advisers Act of 1940, or a bank or insurance company. The Trust requires that each Manager provide, in writing, acknowledgment of fiduciary responsibility to the Trust.

In the case of collective investments such as insurance company separate accounts, registered mutual funds, and/or commingled funds, the governing documents with respect to the collective investments shall prevail.

Managers of separately managed accounts:

1. subject to the terms and conditions of this Statement, shall have full discretionary power to direct the investment, exchange, liquidation and reinvestment of the assets of the managed accounts.
2. shall place orders to buy and sell securities and, by notice to the custodian bank, shall cause the custodian to deliver and receive securities on behalf of the Trust.
3. are authorized to place purchase and sale orders for the Trust account to obtain the best execution for the Trust; best execution is defined as the best combination of price and commission and not necessarily the lowest commission cost.
4. will give the Trustee and the Consultant written notice within 30 days of any change in the Manager's ownership, financial condition, insurance, key personnel, or any investigation by a governmental agency or alleged breach of fiduciary duty or other developments which would adversely affect their ability to manage Trust assets effectively.
5. if registered under the Investment Advisers Act of 1940 shall supply the Trust with their current Form ADV Part 2 annually.
6. will recommend when advisable, changes to this Statement and will certify its compliance with this Statement or its proposed changes at least quarterly.
7. must be prepared to meet with the Trustee at least annually to review the management of their accounts in the context of these goals, objectives, and policies.
8. must disclose to the Trust in writing within 10 business days of the discovery of the exception, any investments which are not in compliance with this Statement, and must include in their next regular report their explanation and plans for dealing with them.

PROXY VOTING

Managers shall vote proxies appurtenant to the Trust assets under their control, unless specifically informed otherwise that authority to vote such proxies has been retained by the Trustee or delegated to another fiduciary.

The Trust's Consultant shall vote fund-level proxies for the Trust's commingled investments. All proxy votes shall be made solely in the best interests of the Trust and its participants. The Consultant shall report its voting activity to the Trustee at least once a year.