

Minutes

RTA Audit, Safety Compliance & Real Estate Committee Meeting

9:34 a.m. December 6, 2022

Committee Members: Koomar (Chair), Moss (Vice Chair), Joyce, Weiss

Other Board Members: Biasiotta, Lucas, Pellot, Welch

Not present: McCall

Staff: Benford, Birdsong Terry, Bober, Burney, Capek, Caver, Colonna, Dangelo, Davidson, Feke, Ferraro, Fesler, Fields, Fleig, Freilich, Garofoli, Gautam, Jarrous, Jones, King, Kirkland, Lincoln, Martin, Miller, Morris, Mothes, Nix, Peganoff, Ponder, Schipper, Sutula, Talley, Tarka, Walker-Minor, Young

Public: Battle, Bortolotto, Edman, Gibbons, Goodwin, Huang, Julien, Rankin, Romanoff

The meeting was called to order at 9:34 a.m. There were four (4) committee members present.

Safety Update

Steve Peganoff, Director of Safety, gave the report. Dr. Caver stated that in 2022, the FTA required the PTASP be developed with a joint Labor and Management Committee. This ensures the safety plans of the organization is formed by the front-line employees and labor. The ATU 268 members were introduced. They include William Nix, ATU President and Business Agent; Clarence King, VP; Darnell Morris, Assistant Business Agent and Mallory Jarrous, Assistant Business Agent. Mr. Nix thanked the FTA for requiring the union and management to work together.

PTASP Requirement

- A requirement in 2020 per 49 CFR 673
- Includes new content per the 2021 Bipartisan Infrastructure Law & FTA
- Requires Board of Trustees approval annually
- 2023 is GCRTA's 4th generation plan

PTASP

- Describes all required processes and activities, for example, having an Employee Hazard Reporting System
- Identifies Performance Targets as outlined in the requirements of the National Transportation Plan
- Contains methods of Safety Promotion to communicate and prioritize safety

PTASP Five Key Changes

1. Formation of a new PTASP Labor/Management Safety Committee represented by ATU Local 268 and GCRTA Management charged with current & future plan updates

ATU President-Business Agent
ATU Vice President
ATU Asst. Business Agent Non-Operations
ATU Asst. Business Agent Operations

General Manager/CEO
DGM, Operations
DGM, Legal Affairs
Director of Safety

The committee launched on July 7 and agreed to meet the 3rd Monday of every month working to identify system hazards and recommend corrective actions. They will post the agenda and minutes on the Intranet. This new committee will ensure effective communications between management, ATU and employees.

2. Addition of ATU front line employees to all existing district safety committees who are afforded voting rights in decision making.
3. A summary of Operator assault mitigation efforts currently in place. (de-escalation training, plexiglass barriers, surveillance cameras)
4. Infectious disease minimization statement and reference to the GCRTA Infectious Disease Policy and Pandemic Response Plan to be utilized during future public health outbreaks. Plan addresses:
 - o Employee training, communications & use of sick leave
 - o Facility & vehicle cleaning standards
 - o Limitations on travel & meetings
 - o Consultation with Public Health Officials
5. Inclusion of the Water Systems Management plan that includes water quality maintenance practices testing for harmful bacteria, (ensure water is safe for drinking, showering, bus and train wash systems), and actions to be taken should tests reveal risks.

Examples;

- o Pasteurization of hot water systems
- o Plumbing configuration changes

Staff requests the Audit, Safety Compliance and Real Estate Committee to recommend the 2023 Public Transportation Agency Safety Plan to the Board of Trustees for approval. President Lucas requested the Board member names be listed on the organizational chart. The operators have spoken positively about the union representation and the relationship with management. Ms. Birdsong Terry noted the conversations at APTA about organizations trying to get to where RTA is now with the collaboration with the union.

It was moved by Mr. Joyce, seconded by Ms. Moss and approved to move this to the Board.

Property Insurance Program

Judy Lincoln, Director of Risk Management gave the presentation. The property insurance will renew January 1, 2023. Ray Battle, Sr. VP and Property Specialist and Brian Rankin, Account Executive with Aon, our property brokers, were on virtually. They approach other insurance carriers for competitive proposals and negotiate with incumbent carriers on our behalf to get us the best coverage at the best price.

- GCRTA carries an All-Risk Property Insurance Policy; covered perils include Fire, Wind, Flood and collapse, to name a few.
 - Replacement Cost Coverage
 - Protects Real and Personal Property for which GCRTA is responsible
 - Bus Garages, Rail Complex, Rail Stations, Rail and Bus fleet (non-collision only)

Incumbent Carriers are Liberty Mutual and Evanston; Two Programs; Total Insured Value \$1.97 billion

- The first program is written by Liberty Mutual and is for the coverage of all GCRTA real and personal property including rolling stock when garaged.
 - Blanket Limit: \$500 million, Deductible \$250,000
- The second program is a stand-alone Rolling Stock policy written by Evanston Insurance Company and specifically provides coverage for GCRTA Rolling Stock when rolling (both rail and bus).
 - Blanket Limit: \$25,000,000, Deductible \$500,000
- Last year in 2021 we were facing hard market conditions, with expected rate increases of 15%.
- We were able to achieve an overall premium increase of 7% vs the 15% budgeted last year.
- This year we were told to expect rate increases between 8% and 10% with an improving property marketplace.
- However, we were warned that property valuation was the main focus of underwriters this year given an inflation rate in the U.S. that rose to 9.1% in June, 2022.
- Property valuation is a key concern among many markets given recent losses that exceed amounts stated on the statement of values.
- Given the above, we did apply substantial inflationary index factors to our building and equipment values per market requirements; recall that our coverage is for replacement cost.
- Also, very recent hurricanes have impacted the reinsurance market.

The effect of hurricanes amplified the impact of the pressure that the insurance companies are facing. Each insurance company buys insurance to help them provide the coverage we need. Those are treaty insurers. They have experienced lack of profitability. Hurricane Ian amplified those changes.

- Expiring premium for 1-1-22/23 policy period \$1,183,061.
- As of 12-5-22, we received the latest renewal indications via our broker, Aon, from Liberty Mutual and Evanston as follows:
 - Liberty is quoting a 14.1% rate increase; Markel quoted a 2.5% rate increase.
 - After applying these rates against updated total insured values (TIV), the resulting estimated renewal premium is \$1,399,339.
- New estimated premium of \$1,399,339 represents an increase of \$216,278 or an 18.3% increase over expiring. This is a result of the combination of the necessarily high index factors used against values to inflate them to current replacement costs – as well as the rate increases.
- This is \$661 below the budgeted amount of \$1.4 million.
- Aon is continuing to negotiate with Liberty Mutual to improve our results. They are comfortable with the premiums included here to be contained in a resolution to be brought to the Board on December 20, 2022 as a “not to exceed” amount.

Final renewal results will be summarized in a resolution containing our recommendations to be brought to the Board at the December 20, 2022 meeting for approval. There is a possibility the numbers will be available prior to December 20th. They believe the numbers will not exceed the premium amounts.

It was moved by Mayor Weiss, seconded by Ms. Moss and approved to move this to the full Board.

Cyber Liability

Judy Lincoln, Director of Risk Management gave the presentation. This is an informational update. This policy renews December 24, 2022. Barb Goodwin is virtual and is the Team Leader for USI, our cyber liability broker.

GCRTA purchased a Cyber Liability Insurance policy for the first time in December of 2020.

- Current Policy Limit: \$5 million, Self-Insured Retention \$100,000
- Policy provides both Third Party Liability and First Party coverages
- Cyber Liability insurance market is extremely unfavorable due to frequency and severity of losses; ransomware attacks, etc.
- Expect reduction in limits, premium increases. Current: \$79,992

Key Coverages include:

- Security & Privacy Liability: provides legal liability coverage to cover lawsuits that might arise from an unauthorized release of personal identifiable, protected health or third-party corporate confidential information. Coverage includes damages assessed and legal defense expenses incurred.
- Breach Response Fund: provides coverage for 1st party costs incurred to provide notification mailings to affected persons, call center support, credit monitoring services, identity theft protection services, identity restoration services, etc.
- Cyber Extortion: covers costs associated with responding to an extortion attempt involving the Insured's network or data.
- Network Interruption: provides coverage for loss of income and extra expenses incurred due to a covered Network Security Event
- Data Asset Protection: provides coverage to cover the cost of replacing, recreating or restoring data that is lost or damaged due to a covered Network Security Event


As of 3rd quarter 2022, the average increase on cyber liability policies is between 20% to 45%. Public entity renewals were coming in with 30% premium increases.

- Final Proposal received on 11-22-22 from USI
- Seven markets approached for possible competitive proposals given dire state of market, all declined due to nature of account (public entity) or lack of ability to compete with current pricing
- Incumbent market, Cowbell, provided excellent quote
- Against all expectations, Cowbell has quoted a flat renewal for the 12-month period: \$79,991 vs. \$79,992 expiring premium – vs. the 40% increase budgeted.
- GCRTA's IT team received compliments on its improvement of various security metrics, as measured in a security dashboard, provided by Cowbell.
- RM asked for an option with an extended renewal term to move the renewal date from this very inconvenient date of December 24th.
- Cowbell did provide a quote for a 14-month policy period at the same rate, the premium is \$93,519 and this is the recommendation of the RM Department.
- Still 16% below the budgeted amount of \$111,989.

Staff will not be bringing a resolution to the Board as the \$93,519 premium is below the threshold of \$100,000. Mayor Weiss asked about the market conditions for the property insurance. Ms. Lincoln said it was improving. Last year increases were 15%. Third quarter 2022 the increases were down to 5%-8% but that was before the hurricanes. And we have the valuation issue where the supply chain and inflation are making the materials to rebuild from losses more expensive.

The meeting was adjourned at 10:07 a.m.


Rajan D. Gautam
Secretary/Treasurer


Theresa A. Burrage
Executive Assistant