

July 7, 2005
(For Board: July 22, 2005)



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

Honorable Board of Directors
Golden Gate Bridge, Highway
and Transportation District

Honorable Members:

A meeting of the Finance-Auditing Committee/Committee of the Whole was held in the Board Room, Administration Building, Toll Plaza, San Francisco, California, on Thursday, July 7, 2005, at 10:25 a.m., Chair Stroeh presiding.

Committee Members Present (8): Chair Stroeh; Vice Chair Pahre; Directors Boro, Eddie, Murray, Reilly and Shahum; President Middlebrook (Ex Officio)

Committee Members Absent (1): Director Cochran

Other Directors Present (2): Directors Martini and Moylan

Committee of the Whole Members Present (10): Directors Eddie, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook

Committee of the Whole Members Absent (8): Directors Ammiano, Brown, Cochran Dufty, Hernández, Kerns, McGoldrick and Sandoval

[On this date, there was one vacancy on the Board of Directors.]

Staff Present: General Manager Celia G. Kupersmith; District Engineer Denis J. Mulligan; Auditor-Controller Joseph M. Wire; Attorney Madeline Chun; Deputy General Manager/Bridge Division Kary H. Witt; Deputy General Manager/Bus Division Susan C. Chiaroni; Deputy General Manager/Ferry Division James P. Swindler; Deputy General Manager/Administration and Development Teri W. Mantony; Director of Risk Management and Safety Bill Stafford; Director of Public Affairs Mary C. Currie; Budget and Program Analysis Manager Jennifer Mennucci; Executive Assistant to the General Manager Amorette Ko; Assistant Clerk of the Board Patsy Whala; Assistant Clerk of the Board Karen B. Engbretson

Visitors Present: None

**FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE WHOLE
JULY 7, 2005/PAGE 2**

1. Authorize Budget Transfers in the FY 05/06 Budget Regarding the Distribution of the Capital Contribution

In a memorandum to Committee, Auditor-Controller Joseph Wire and General Manager Celia Kupersmith reported on staff's recommendation to authorize budget transfers in the FY 05/06 Bridge, Bus and Ferry Divisions' Operating Budgets that will adjust the capital reserve contribution amounts between the operating divisions.

The transfers are as follows:

Division	Adopted FY 05/06	Corrected FY 05/06	Difference
Bridge	\$6,109,334	\$7,018,600	\$909,266
Bus	\$2,125,333	\$584,600	(\$1,540,733)
Ferry	\$765,333	\$1,396,800	\$631,467
Total	\$9,000,000	\$9,000,000	\$0

As a result of this redistribution, the operating division's totals will change as follows:

Division	Adopted FY 05/06	Corrected FY 05/06
Bridge	\$54,836,175	\$55,745,441
Bus	\$66,952,269	\$65,411,536
Ferry	\$20,277,469	\$20,908,936
Rail	\$232,124	\$232,124
Total	\$142,294,523	\$142,294,523

The report stated that the contribution capital policy to set aside funds for future capital reserves and provide a local match for future capital projects was made Board policy for the FY 03/04 Operating and Capital Budget. Each year, the operating budgets for each division include contributions to capital reserves that are set according to each division's share of District-funded capital projects for the current 10-Year Capital Plan. The Board of Directors, by Resolution No. 2005-051 at its meeting of June 10, 2005, adopted the FY 05/06 Operating and Capital Budget. The capital contribution distribution between divisions that was adopted as part of the budget was based on the FY 04/05 10-Year Capital Plan and therefore needs to be corrected to reflect the FY 05/06 10-Year Capital Plan. The proposed transfers do not change the total expenditures in the FY 05/06 Operating and Capital Budget, but correctly reallocate them. There is no fiscal impact associated with this transfer. A copy of the staff report is available in the Office of the District Secretary.

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

RECOMMENDATION

The Finance-Auditing Committee recommends the Board of Directors authorize budget transfers in the Bridge, Bus and Ferry Divisions' Operating Budgets for FY 05/06 that will adjust the capital reserve contribution amounts between the operating divisions as follows: adjust the Bridge Division Capital contribution amount from \$6,109,334 to \$7,018,600; adjust the Bus Division Capital contribution amount from \$2,125,333 to \$584,600; and, adjust the Ferry Division Capital contribution amount from \$765,333 to \$1,396,800.

**Action by the Board - Resolution
NON-CONSENT CALANDAR**

AYES (10): Directors Eddie, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook
NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of July 8, 2005, for action.]

2. Authorize the Setting of a Public Hearing Relative to a Proposal to Increase the Youth Discount from 25% to 50% for Local Marin Travel on Golden Gate Transit Bus Routes

In a memorandum to Committee, Planning Director Alan Zahradnik and General Manager Celia Kupersmith provided staff's recommendation to authorize the setting of a public hearing on Friday, July 22, 2005, for the purpose of receiving public comment relative to the proposal to increase the youth discount for local Marin County travel on the District's Regional Bus Routes from 25% to 50% of the adult cash fare.

The report stated that on December 8, 2004, the District and Marin County Transit District (MCTD) executed an Agreement for Intra-County Public Bus Transit Service (Agreement) in Marin County, effective November 1, 2004, through April 30, 2006. Under the terms of this Agreement, MCTD is responsible for setting fares and service levels of 20 local bus routes operated by Golden Gate Transit (GGT). As prescribed in the Agreement, MCTD can expand local bus service at an additional cost or can reduce local bus service to achieve cost savings. The Agreement also acknowledges the benefit to the public of having a highly coordinated local and regional bus network.

The District has received notice from MCTD that they will be holding a public hearing on August 2, 2005, to receive public comment on certain service changes and the following fare changes effective in August and September 2005:

- Reduce the fare for local Marin County youth riders, ages 6 to 18, by increasing the existing adult cash fare discount from the current 25% to 50%. This will result in a youth fare of \$1.00 per ride.

**FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE WHOLE
JULY 7, 2005/PAGE 4**

- Reduce the price of local Marin County youth ticket books to \$1.00 per ticket or \$20 per book from \$1.50 per ticket or \$30 per book and develop a new annual local Marin County youth pass which would be produced and distributed by MCTD.

Staff recommends that the Finance-Auditing Committee authorize setting a public hearing on Friday, July 22, 2005, at 9:00 a.m., to receive public comment on the proposal to increase the youth discount to 50% of the adult cash fare for local Marin travel on GGT Regional Bus Routes to complement and coordinate with parallel MCTD actions pertaining to local bus service. Following the public hearing, staff would prepare a subsequent staff report with a final recommendation to present to the Finance-Auditing Committee for consideration at its meeting of August 11, 2005. Final action by the Board of Directors to implement the youth fare discount would occur on August 12, 2005. To coordinate local and regional bus fares, the District would concurrently increase the youth discount to 50% or a \$1.00 fare for local rides on regional bus routes. Since many local youth riders on regional bus routes have been using Ride & Roll tickets to ride free, staff anticipates a modest increase in fare revenue of less than \$100,000 resulting from the discounted \$1.00 youth cash fare proposed by MCTD.

At the meeting, Celia Kupersmith stated that in the process of reviewing the transit fare program, staff found that the District youth fares were higher than other transit systems and therefore staff recommended a change. She also stated that with implementation of an increase in the youth discount, the District will experience an increase in revenue because every student that is riding will have to pay a fare. Previously, on the Ride and Roll program, the District was reimbursed \$1.50 for students, but reimbursement was based on an established level of ridership and did not change regardless of any increases in ridership. Although ridership may drop because the fare is no longer free, the Ride and Roll program was a tremendous success in terms of encouraging students and parents to utilize public transit.

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

RECOMMENDATION

The Finance-Auditing Committee recommends that the Board of Directors authorize the setting of a public hearing on Friday, July 22, 2005, at 9:00 a.m., in the Board Room, Administration Building, Golden Gate Bridge Toll Plaza, to receive public comment on a proposal to increase the youth discount from 25% to 50% for local Marin County travel on Golden Gate Transit bus routes, resulting in a change in the youth fare from \$1.50 to \$1.00 per ride.

**Action by the Board – Resolution
NON-CONSENT CALENDAR**

**FINANCE-AUDITING COMMITTEE/COMMITTEE OF THE WHOLE
JULY 7, 2005/PAGE 5**

AYES (10): Directors Eddie, Martini, Moylan, Murray, Pahre, Reilly, Shahum and Stroeh; Second Vice President Boro; President Middlebrook

NOES (0): None

[Note: The above recommendation was forwarded to the Board of Directors meeting of July 8, 2005, for action.]

3. Closed Session

Attorney Madeline, at the request of Chair Stroeh, stated that the Committee would convene in closed session to discuss one matter of pending litigation listed on the agenda as Item No. 4.a.1., *John Youlden vs. Golden Gate Bridge, Highway and Transportation District (District)*.

After closed session, Chair Stroeh called the meeting to order in open session with a quorum present. Attorney Chun reported that the Committee met in closed session, as permitted by the Brown Act, to discuss the item of pending litigation, as listed above. Ms. Chun stated that the Committee provided settlement authority for disposition of this matter.

Action by the Board – None Required

4. Public Comment

There was no public comment.

5. Adjournment

All business having been concluded, the meeting was adjourned at 10:40 a.m., in the memory of the victims of the terrorist attacks in London, England on July 7, 2005.

Respectfully submitted,

J. Dietrich Stroeh, Chair
Finance-Auditing Committee

JDS:JST:PLW:plw