



Agenda Item No. 10.B.

Special Order of Business

To: Board of Directors
Meeting of October 22, 2010

From: Joseph M. Wire, Auditor-Controller
Denis Mulligan, General Manager

Subject: **STATUS REPORT ON THE FY 09/010 FINANCIAL PLAN FOR
ACHIEVING LONG-TERM FINANCIAL STABILITY**

Recommendation

This report is a status report on the *FY 2009/2010 Financial Plan for Achieving Long-Term Financial Stability* and does not require Board action.

Summary

When the District approved its current Financial Plan (Plan) for achieving long-term financial stability on October 30th, 2009, it was noted that the Plan was not only a financial plan but a work plan for staff and thus a living document that would require review on a regular basis. A number of individual initiatives in the plan have already begun, some reaching completion and others reaching the Board for discussion and/or approval. This report provides a brief update on each of the original initiatives and will be discussed at the October 22, 2010 Board meeting.

The initiatives that have already been implemented have helped to reduce the District's projected five-year deficit from \$132 million to \$68 million (over the same five year period, FY 10/11 – FY 14/15).

Background

The Plan was a product of the Financial Planning Advisory Committee whose mission was to create a Plan to address the District's projected financial deficit that resulted from the global economic recession of 2008 and 2009.

The Plan presents a path that, if implemented, would eliminate the projected five and ten year deficits. The Board approved the Plan but did not approve any of the specific initiatives within the Plan. Prior to implementation of any specific initiative, further staff analysis will be done and, as required by Board policy, each element of the Plan will be brought through the Board's

committee structure and then to the Board for approval prior to implementation. Also, some initiatives will require public outreach and public hearings before implementation.

Upon approval, the Board noted that the Plan should be monitored, reviewed and updated annually as part of the Board's regular financial planning cycle that currently includes the yearly budget and long-term financial projection. That will allow the Plan to change year-to-year as initiatives are completed, new ideas and concepts come along, and as further analysis yields new information.

Development of the October 2009 Financial Plan

The Plan was designed both to achieve deficit reduction and to provide clear guidance to staff about what should be taken on in their annual work plans.

The Board developed the Plan using a set of guiding principles (see Appendix A) to assist in identifying initiatives for inclusion in the Plan. Then they established a set of priorities (see Appendix A) to guide in developing timeframes for undertaking the proposed initiatives in the Plan.

Deficit Reduction - In order to demonstrate that the Plan could meet the first goal of deficit reduction, each of its initiatives includes an estimate (where possible) of its potential impact on the projected deficit. This status report contains the same estimates from the original Plan. Also included is a summary that identifies the current projected deficit and the impact that all of the initiatives would have on that deficit amount if they were all implemented.

The Plan uses the same five and ten year periods as the September 24, 2009, projection which is now a year old. The "five-year horizon" starts with the current fiscal year that began effective July 1, 2010, and ends at the end of the fifth year on June 30, 2015, while the "ten-year horizon" ends June 30, 2020. The projected deficit numbers from the most current projection have been put into the Plan to demonstrate the impact that the remaining initiatives will have on the deficit. While the main focus of this effort is on the next five years, the ten year impact of the various initiatives is included to reinforce each initiative's long-term value in reducing the deficit, especially those initiatives that are projected to take several years to implement or will begin in later years of the Plan.

Prioritization Guidance for Work Plans – The Plan presents initiatives in three phases based on the guiding principles and priority criteria:

Phase I – Initiatives that staff is either working on now or will begin soon.

Phase II – Initiatives that staff are to work on once staff time has become available due to the completion of the majority of Phase I initiatives.

Phase III – Initiatives that will begin in later years because there are operational, practical or policy concerns that led the Committee to focus these initiatives for the later phase of the Plan.

Next Steps

The Board will discuss a number of the individual initiatives this year as they come to the Board for discussion and/or approval. The plan as a whole will come to the Board for review again next fall and will again be compared to the latest deficit projection.

Fiscal Impact

There is no fiscal impact associated with this status report. Fiscal impacts will occur when specific initiatives are approved for implementation.

Attachments:

Appendix A, Guiding Principles & Priority Criteria

Appendix B, Financial Plan Status Report

Appendix A

Guiding Principles

1. The Advisory Committee will develop a Financial Plan whose components the Committee members can support going to the full Board of Directors and its Committees for further investigation and action.
2. The Committee will be guided by the Mission Statement of the District in reviewing options for expense reduction and revenue generation:

The mission of the Golden Gate Bridge, Highway & Transportation District (District) is to provide safe and reliable operation, maintenance and enhancement of the Golden Gate Bridge and to provide transportation services, as resources allow, for customers within the U.S. Highway 101 Golden Gate Corridor.

3. The Financial Plan will assign priorities to guide implementation work on each initiative in recognition of limited staff resources and the importance of keeping existing initiatives now underway at the District moving forward on schedule.
4. The focus of the Advisory Committee will include both expense reductions and revenue generation.
5. The first focus of the expense reduction initiatives will be changing our delivery system for most services, so as to reduce expenses, and secondarily on the elimination of services.
6. The goal of the Advisory Committee is to produce a Financial Plan for Board consideration in September/October 2009.

Priority Criteria

Given that the Committee knew that not everything could be accomplished at once, and that some initiatives take longer to flesh out, it used the following set of priorities to guide the ordering of initiatives in the Plan.

- A. Complete initiatives already underway.
- B. Undertake initiatives that are relatively quick and easy to do within 12–15 months (even if they have a small financial impact).
- C. Undertake initiatives that have substantial payoff potential but require a longer lead-time to fully implement.
- D. Undertake initiatives that cannot be implemented soon due to limitations imposed by practical and/or policy interests.

FINANCIAL PLAN STATUS REPORT

SUMMARY

Below is a summary of the District's projected deficit, savings initiatives by status type and (deficit)/surplus after implementing the initiatives. The details of each initiative are attached in the following pages. Last Year the 5-year deficit was \$132 million; now, for the same 5-year period, the deficit is \$68 million. The reduction in part is achieved by implementing several of the initiatives in the Financial Plan.

	1-YEAR FY 10/11	2-YEAR FY 10/11- FY 11/12	3-YEAR FY 10/11- FY 12/13	4-YEAR FY 10/11- FY 13/14	5-YEAR FY 10/11 - FY 14/15	10-YEAR FY10/11 - FY19/20
TOTAL PROJECTED DEFICIT	\$ (7)	\$ (13)	\$ (25)	\$ (45)	\$ (68)	\$ (262)
POTENTIAL SAVINGS	\$ 3	\$ 10	\$ 23	\$ 64	\$ 111	\$ 456
Completed. Initiatives are not in the Sep ^r 2010 projection.	\$ 2	\$ 5	\$ 8	\$ 12	\$ 16	\$ 35
Underway	\$ 1	\$ 3	\$ 9	\$ 15	\$ 21	\$ 56
Future Initiatives	\$ 0	\$ 2	\$ 6	\$ 37	\$ 74	\$ 365
PROJECTED (DEFICIT)/SURPLUS	\$ (4)	\$ (3)	\$ (2)	\$ 18	\$ 42	\$ 194

FINANCIAL PLAN STATUS REPORT

Initiatives Not Included in the September 2010 Financial Projection

Initiative Descriptions and Savings Totals from October 2009 (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/11 - FY 19/20	Target First Board Action	Full Impleme nt Target	Status of Project to Date
Sept 2010 Deficit Projection		\$ (7)	\$ (13)	\$ (25)	\$ (45)	\$ (68)	\$ (262)			Because the Financial Plan is displayed between FY 10/11 - 19/20, the 5- and 10-year projected deficits represent the cumulative 4- and 9-year totals from the Sept. 10 projection plus the budgeted deficit for FY 10/11.
PHASE 1										
<i>Increased Efficiencies Through Technology</i>										
1 New Banking Collections: Money counts to be done by bank. May impact 2 FTEs.	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.6	\$ 0.9	\$ 1.1	\$ 2.3	Jun 2010	Oct 2010	COMPLETED. As of October 2010, an additional 2 FTEs laid off . 4 FTEs affected in total.
2 Further Reliance on Automated Information for Transit Customers: Utilize automated info systems like 511 or Google Transit. May impact 5 FTEs.	\$ 0.5	-	\$ 0.5	\$ 1.0	\$ 1.6	\$ 2.1	\$ 5.2	2011		UNDERWAY. Staff developing options.
3 Continue Reducing Manual Collection of Tolls: Reduces the number of staffed lanes based on current traffic patterns. May impact 4 FTEs.	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.6	\$ 0.9	\$ 1.1	\$ 2.3	Jun 2010	Jun 2011	UNDERWAY. Reduced 2 vacant FTEs FY 09/10 Budget. The FY 11/12 Budget will reduce an additional 2 vacant FTEs to complete the initiative.
4 Implement All Electronic Tolling: Numbers presented represent net savings after expenses. May impact 35 FTEs.	\$ 1.8	-	-	\$ 1.9	\$ 3.8	\$ 5.7	\$ 16.3	Apr 2010	Sept 2012	UNDERWAY. Board approved development of strategic implementation plan to be brought back for Board Decision in Fall 2010.

FINANCIAL PLAN STATUS REPORT

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5 Automate Ferry Revenue Collection: Install ticket machines. May impact 7 FTEs.	\$ 0.6	-	\$ 0.6	\$ 1.3	\$ 1.9	\$ 2.6	\$ 6.2	Feb 2010	Jul 2011	UNDERWAY. Board awarded contract to purchase ticket machines. Installation projected early 2011. Discussions ongoing with bargaining unit regarding pending RIF.
6 Replace Existing Ferry Terminal Gangways and Piers: Increase operating efficiency. May impact 2 FTEs.	\$ 0.3	-	-	-	\$ 0.3	\$ 0.6	\$ 2.3	Sept 2009		UNDERWAY. Design consultant awarded and preliminary design work underway.
7 Implement Moveable Median Barrier: May impact 9 FTEs in lane management; may need new FTEs for system operation.	TBD	-	-	\$ -	\$ -	\$ -	\$ -	Sept 2008	2013	UNDERWAY. Board awarded initial environmental study and preliminary design. Environmental study to be complete in 2010. Operational impacts will be assessed Spring 2011.
8 Complete Implementation of ACIS Project: Project will eliminate need for casual traffic checkers, but may require additional staff elsewhere.	TBD	-	-	\$ -	\$ -	\$ -	\$ -	Nov 2008	2012	UNDERWAY. Analysis of potential cost savings to be done after FDR in Spring of 2011.
9 Eliminate Duplicative Bus Service and Bus/Ferry Trips with Low Ridership: Respond to Upcoming Sonoma County Changes: Staff impacts to be determined via Hastus	\$ 1.1	\$ 1.1	\$ 2.3	\$ 3.5	\$ 4.7	\$ 6.0	\$ 12.8	April 2010	Sept 2010	COMPLETED. Bus Changes Completed. Savings to be incorporated into next year's projections. Ferry changes combined with Initiative 13.

FINANCIAL PLAN STATUS REPORT

Initiatives Not Included in the September 2010 Financial Projection

Initiative Descriptions and Savings Totals from October 2009 (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/11 - FY 19/20	Target First Board Action	Full Impleme nt Target	Status of Project to Date
<i>Transit Service Changes and Fare Increases</i>										
10 Generally Reduce Bus Budget: Staff impacts would be determined via Hastus.	\$ 2.0	-	-	\$ 2.1	\$ 4.2	\$ 6.3	\$ 18.2	TBD		Analysis to occur in 2012.
11 Close Ferry Service during December Holiday period: Assumes two week closure and reliance on buses.	\$ 0.3	-	-	\$ 0.3	\$ 0.6	\$ 1.0	\$ 2.7	TBD		UNDERWAY. Topic will be included in the discussion with Coalition Spring 2011.
12 Fare Increase on Regional Buses for Local Trips: Assumes 10% increase in Marin-only trips on regional bus routes.	\$ 0.1	\$ 0.1	\$ 0.2	\$ 0.3	\$ 0.4	\$ 0.5	\$ 1.2	TBD		Initiative to be worked on in conjunction with Initiative #25 in FY 10/11.
13 Reduce Ferry Fare Discount for Translink riders from 40% to 30%: Gradually reduce discount to match Bus discount rate of 20%.	\$ 0.5	\$ 0.5	\$ 1.0	\$ 1.6	\$ 2.1	\$ 2.7	\$ 5.8	Oct 2010	Jan 2011	UNDERWAY. Public Hearing occurring October 2010 and includes changes to Ferry Service.
14 Further Reduce Ferry Fare Discount for Translink riders from 30% to 20%: Gradually reduce discount to match Bus discount rate of 20%.	\$ 0.5	-	\$ 0.5	\$ 1.0	\$ 1.6	\$ 2.1	\$ 5.2			Initiative to be worked on in conjunction with Initiative #25 in FY 10/11.
15 Charge for Parking at Larkspur Ferry: Assumed at \$2/day. No staff impacts included.	\$ 0.9	-	\$ 0.9	\$ 1.8	\$ 2.7	\$ 3.6	\$ 8.1	TBD		Research of equipment and design options underway.

FINANCIAL PLAN STATUS REPORT

Initiatives Not Included in the September 2010 Financial Projection

Initiative Descriptions and Savings Totals from October 2009 (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/11 - FY 19/20	Target First Board Action	Full Impleme nt Target	Status of Project to Date
<i>Districtwide Reductions</i>										
19 Freeze ATU Employee Salaries for 18 Months: Match salary freeze for Coalition and Non-Represented staff.	\$ 0.8	\$ 0.8	\$ 1.7	\$ 2.6	\$ 3.6	\$ 4.6	\$ 10.0	Sept 2010	Nov 2010	COMPLETED. ATU negotiations completed. Salary frozen 12 months plus savings in other areas. Savings to be incorporated into next year's projections.
20 Winter Holiday Furloughs for Administrative & Operational Staff, as Possible: Reduce functions between Christmas and New Year's.	TBD	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	Mar 2011	Jun 2011	UNDERWAY. Topic will be included in the discussion with Coalition Spring 2011.
<i>OTHER</i>										
21 Negotiate Lower Rent for New SF Bus Lot: New lot becomes available FY 11/12.	\$ 0.7	\$ -	\$ 0.7	\$ 1.4	\$ 2.1	\$ 2.8	\$ 6.7	Dec 2009	TBD	COMPLETED. Negotiations completed in 2010. Savings to be incorporated into next year's projections.
22 Implement Expanded Bridge Concession Opportunities: Implement concessions that expand possibilities for the visitor experience at the Bridge.	\$ 9.0	-	-	-	\$ 9.0	\$ 18.0	\$ 63.3			Decision suspended due to conflicts from Main Cable Project and Seismic Retrofit Project.
SUBTOTAL PHASE I	\$ 19.4	\$ 2.9	\$ 9.3	\$ 20.0	\$ 40.3	\$ 60.9	\$ 168.8			

FINANCIAL PLAN STATUS REPORT

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Initiative Descriptions and Savings Totals from October 2009 (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/11 - FY 19/20	Target First Board Action	Full Impleme nt Target	Status of Project to Date
PHASE II										
24A Negotiate Increased Cost Sharing for Health Benefit Plans for Non-ATU Employees: Goal is \$800,000/yr through changes (i.e, cafeteria, 2-tier, dependent, etc.)	\$ 0.4	-	-	\$ 0.5	\$ 0.9	\$ 1.4	\$ 4.0	Mar 2011	Jun 2011	UNDERWAY. Topic will be included in the discussion with Coalition Spring 2011.
24B Negotiate Increased Cost Sharing for Health Benefit Plans for ATU Employees: Goal is \$800,000/yr through changes (i.e, cafeteria, 2-tier, dependent, etc.)	\$ 0.4	-	-	\$ 0.4	\$ 0.8	\$ 1.1	\$ 3.3	Sept 2010	Nov 2010	COMPLETED. ATU negotiations completed. Savings to be incorporated into next year's projection. Over 65 retiree health program will be developed by early 2011.
25 Renew Transit Fare Increase Plan: Annual 5% Fare Increases for Bus and Ferry Transit Fares:New plan would begin FY 11/12, once current plan expires.	\$ 0.5	-	\$ 0.5	\$ 1.0	\$ 1.6	\$ 2.1	\$ 5.4	Jan 2011	Jul 2011	UNDERWAY. Development of new plan to begin in Fall of 2010. Decision Spring of 2011. This will also include Initiative #14 and #12.
26 Reduce Paratransit Services to More Stringently Comply with ADA Requirements: Consider reducing scale of paratransit to match ADA requirements	TBD	-	\$ -	\$ -	\$ -	\$ -	\$ -	TBD		UNDERWAY. Discussions with Marin Transit in joint effort to streamline the program.
27 Investigate Elimination of Comp Time for Tier II Exempt Employees: Would affect approximately 50 FTEs	TBD	-	-	\$ -	\$ -	\$ -	\$ -	Mar 2011	Jun 2011	UNDERWAY. Expand initiative to include comp time for all employees. Topic will be included in the discussion with Coalition Spring 2011.
SUBTOTAL PHASE II	\$ 1.3	\$ -	\$ 0.5	\$ 1.8	\$ 3.2	\$ 4.7	\$ 12.7			

FINANCIAL PLAN STATUS REPORT

Initiatives Not Included in the September 2010 Financial Projection

Initiative Descriptions and Savings Totals from October 2009 (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/11 - FY 19/20	Target First Board Action	Full Impleme nt Target	Status of Project to Date
PHASE III										
28 Toll Increase to Occur 5 Years After Last Increase: Assumes a \$1 toll increase in July 2013.	\$ 18.0	-	-	-	\$ 18.0	\$ 36.0	\$ 126.0	2013		Analysis on need would begin in late 2012.
29 Annual Small Increment Toll Increase Program: Begin annual indexing of tolls in FY 2014/15 to match proposed 5% transit fare percentage increases.	\$ 0.6	-	-	-	-	\$ 6.0	\$ 140.2	2014		Analysis on feasibility would begin in 2013.
30 Implement Some Form of Partnership Program: Develop partnership program that would involve all District operations.	\$ 1.0	-	-	\$ 1.0	\$ 2.0	\$ 3.0	\$ 8.0	Oct 2010	2012	UNDERWAY. Discussion underway with Golden Gate National Park Conservancy.
31 Implement Sidewalk Access Fees: Charge fees for pedestrians and bicycles on the Bridge once seismic projects impacting the sidewalks are done	TBD	-	\$ -	\$ -	\$ -	\$ -	\$ -			Discussion deferred due to conflicts from Main Cable and Seismic Retrofit projects.
32 Close Satellite Bus Yard: Close one of the North Bay Bus facilities (Novato or Santa Rosa)	TBD	-	-	-	-	\$ -	\$ -			Analysis in Spring 2012.
33 Restructure Security Program: Develop a coordinated partnership approach that reduces yearly operating costs.	TBD	-	\$ -	\$ -	\$ -	\$ -	\$ -			Analysis in 2011.
SUBTOTAL PHASE III	\$ 19.6	\$ -	\$ -	\$ 1.0	\$ 20.0	\$ 45.0	\$ 274.2			

FINANCIAL PLAN STATUS REPORT

Initiatives INCLUDED in the September 2010 Projections

COMPLETED INITIATIVES (Cumulative \$ in millions)	Annual Deficit Impact	1-YR FY 10/11	2-YR FY 10/11- 11/12	3-YR FY 10/11- 12/13	4-YR FY 10/11- 13/14	5-YR FY 10/11 - 14/15	10-YR FY10/1 1 - FY 19/20	Target First Board Action	Full Implem ent Target	Status of Project to Date
1 New Banking Collections: Money counts to be done by bank. May impact 3 FTEs.	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.6	\$ 0.9	\$ 1.1	\$ 2.3	May 2010	June 2010	COMPLETED. Partially implemented in Budget FY 10/11; 2 vacant FTEs eliminated.
3 Continue Reducing Manual Collection of Tolls: Reduces the number of staffed lanes based on current traffic patterns. May	\$ 0.2	\$ 0.2	\$ 0.4	\$ 0.6	\$ 0.9	\$ 1.1	\$ 2.3	May 2010	June 2010	50% COMPLETE. Implemented in Budget FY 10/11; 2 vacant FTEs not filled.
16 Adjust 10-Year Capital Plan: Assumed longer timeframe to do projects or increased grant commitments to reduce Capital plan costs by 15%.	\$ 4.5	\$ 4.6	\$ 9.4	\$ 14.3	\$ 19.3	\$ 24.4	\$ 52.5	May 2010	June 2010	COMPLETED. Implemented in FY 10/11 Budget.
17 Reduce Administrative Expense (Overhead): Improve efficiency in administrative processes annually. Could impact 4 FTEs.	\$ 0.3	\$ 0.3	\$ 0.6	\$ 1.0	\$ 1.3	\$ 1.6	\$ 3.5	May 2010	June 2010	COMPLETED. Eliminated 5 FTEs (see FY 10/11 Budget.)
18 Freeze Non-Represented and Officers an Additional 6 Months to Match Coalition: An additional 6-months salary freeze for non-represented employees/Officers.	\$ 0.2	\$ 0.1	\$ 0.2	\$ 0.4	\$ 0.6	\$ 0.9	\$ 2.1	April 2010	April 2010	COMPLETED.
23 Carpool Toll - Charge 50% of Cash Toll: Under consideration on State Bridges.	\$ 1.2	\$ 1.2	\$ 2.4	\$ 3.6	\$ 4.8	\$ 6.0	\$ 12.0	Feb 2010	July 2010	COMPLETED. Implemented on July 1, 2010. Includes a multi-axle vehicle toll.
Freeze Coalition Employees (18-month)	\$ 1.0	\$ 1.5	\$ 3.1	\$ 4.8	\$ 6.4	\$ 8.1	\$ 15.5	June 2009	June 2009	COMPETED. This initiative completed prior of finalization of Financial Plan.
Freeze Non-Represented and Officers (1-yr)	\$ 0.4	\$ 0.4	\$ 0.9	\$ 1.3	\$ 1.8	\$ 2.3	\$ 4.3	June 2009	June 2009	COMPETED. This initiative completed prior of finalization of Financial Plan.
TOTALS	\$ 8.0	\$ 8.6	\$ 17.4	\$ 26.6	\$ 35.9	\$ 45.5	\$ 94.6			