



# FISCAL YEAR 2022-2023 PROPOSED BUDGET

Finance-Auditing Committee  
Meeting of May 19, 2022  
Agenda Item No. 10

**GOLDEN GATE BRIDGE  
HIGHWAY AND TRANSPORTATION DISTRICT**

**FISCAL YEAR 22/23 PROPOSED BUDGET**

**Denis J. Mulligan, General Manager**

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*Special thanks to the District Officers,  
the Deputy General Managers, and their respective staff*

The Budget Office would like to give a special thank you to **Lehnee Salazar** as she retires after 12 years with the District and 7 years in the Budget Office. Thank you for bringing your dedication, much needed accounting perspective, and love of the numbers to ensure a successful budget book every year.



GOVERNMENT FINANCE OFFICERS ASSOCIATION

*Distinguished Budget  
Presentation Award*

PRESENTED TO

**Golden Gate Bridge, Highway & Transportation Dist.  
California**

For the Fiscal Year Beginning

**July 01, 2021**

*Christopher P. Morill*

Executive Director

The Government Finance Officers Association of the United States and Canada (GFOA) presented a Distinguished Budget Presentation award to the Golden Gate Bridge, Highway and Transportation District for its annual budget for the fiscal year beginning July 1, 2021. In order to receive this award, a government unit must publish a budget document that meets program criteria as a policy document, an operations guide, a financial plan and a communications device. This award is valid for a period of one year only. We believe our current budget continues to conform to program requirements and we are submitting it to GFOA to determine its eligibility for another award.



## GENERAL MANAGER'S MESSAGE

The District is starting to escape the pandemic-induced travel doldrums in the Golden Gate Corridor. This, coupled with additional one-time federal COVID relief funding, provides a smooth trajectory for the District as we navigate through uncertainty and change into the post-pandemic world.

Society now understands how COVID is transmitted, has vaccines to reduce the likelihood and severity of infection, and has antiviral drugs to treat the most vulnerable if they become infected. As such, more people are returning to offices, gathering in-person with family and friends, as well as visiting sporting and entertainment venues.

This has corresponded with a marked return of local travel as evidenced by heavy congestion on local streets and Highway 101. However, regional travel between the North Bay and San Francisco still lags and remains well below pre-pandemic levels.

Despite the slow return, travel is trending upward. For example, in March 2022 the District's ferries carried ten (10) times more passengers than a year earlier in March 2021. Overall Bridge traffic is 15 to 20 percent below pre-pandemic levels, while bus and ferry ridership are both about 60 to 65 percent below pre-pandemic levels - the best since the start of the pandemic.





## COVID-19: DISTRICT OVERVIEW AND STATUS

### National Pandemic Overview

The transportation industry was greatly impacted by the coronavirus pandemic (COVID-19) at the start of 2020. Across the country, transportation agencies looked to carry out their role as essential providers by readjusting their services to meet their customer's needs and deal with the financial impact as a result of COVID-19. In the Bay Area here in California, the transportation agencies were and continue to be significantly affected with agencies reporting tens of thousands to millions of dollars in losses each week.

As the calendar year 2020 progressed, it was hoped that traffic and transit ridership would rebound back to pre-COVID levels. The summer of 2020 started to show signs of recovery for bridge traffic, but as a statewide mask mandate was imposed and many workers continued to work remote, the pre-pandemic commuters did not return to San Francisco from the North Bay. In November 2020, the Bay Area region was shut down again with stringent shelter in place orders due to the significant rise of COVID cases that led to a statewide order a few weeks later.

## COVID-19: BRIDGE DIVISION OVERVIEW AND STATUS

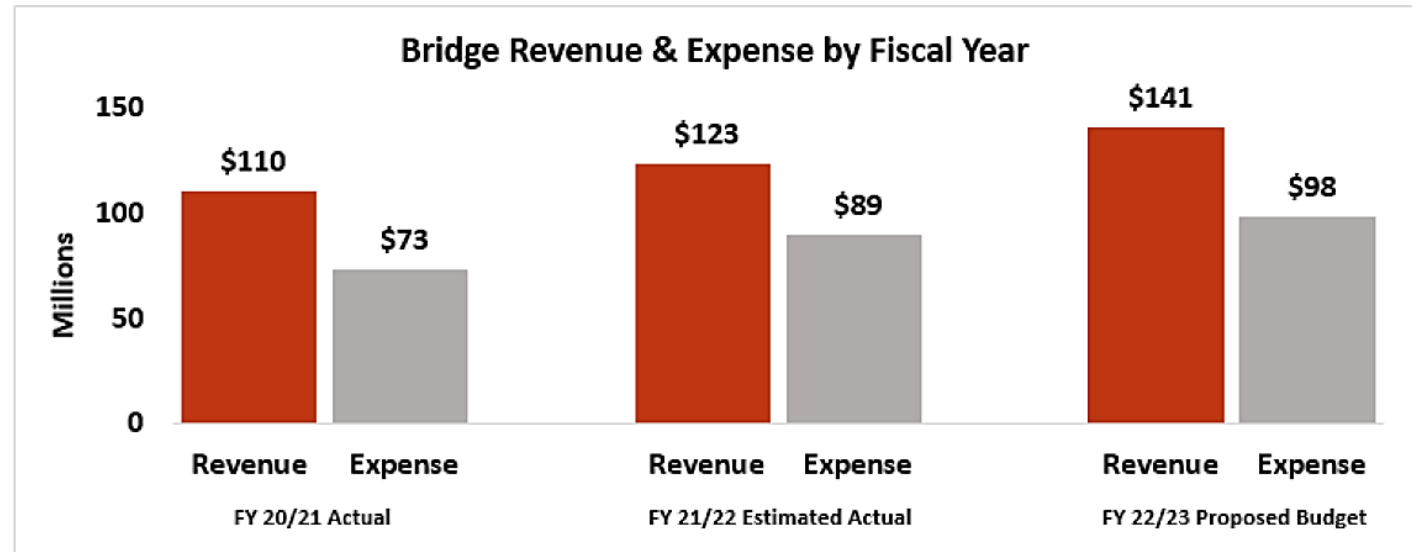
The Bridge Division's revenues as well as the majority of the District's revenues are generated by tolls charged for southbound bridge crossings. Due to the reduced level of travel during the pandemic, Bridge revenues dropped to \$136 million in FY 19/20 and further decreased to \$110 million in FY 20/21.

FY21/22 Bridge revenues are estimated to recover to \$122 million and then to \$140 million in FY22/23. Even with yearly toll rate increases total toll revenue is still projected to be short of the \$150 million pre-COVID amount.

The expenses for the Bridge Division have increased slightly in the past three years. Although traffic is less than pre-COVID levels, the operations, maintenance and construction work on the Bridge continues at the same pre-COVID pace. The work is not dependent on the level of traffic. The FY22/23 Proposed Budget assumes that level of work will continue at pre-COVID levels.

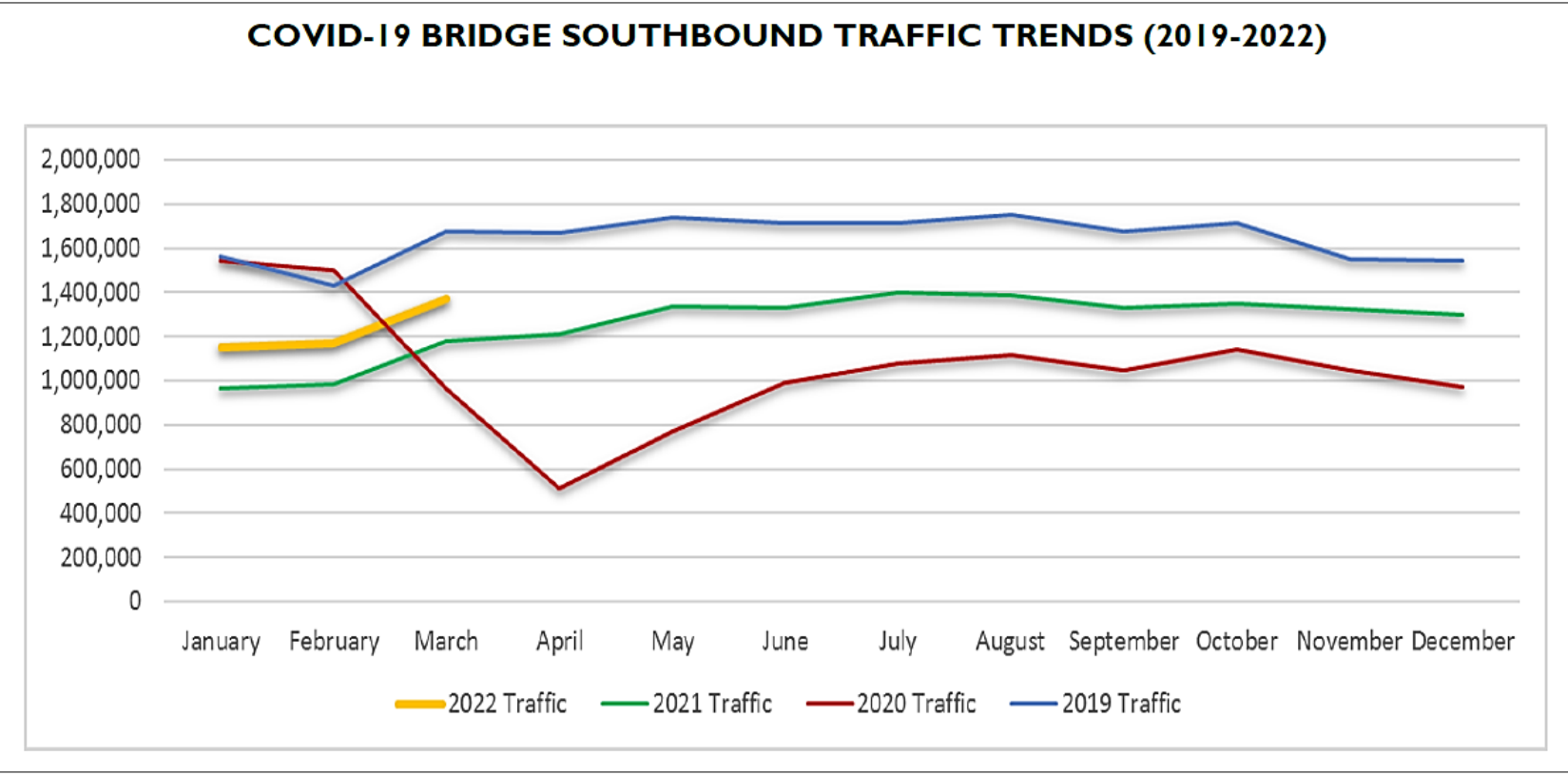
### BRIDGE DIVISION REVENUES AND EXPENSES

Bridge Revenues and Expenses	FY 20/21 Actual	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Total Bridge Division Revenues	\$110,187,797	122,815,531	\$140,909,900
Total Bridge Division Expenses	72,531,446	89,281,792	\$ 97,755,600
<b>Revenues Over/(Under) Expenses</b>	<b>\$ 37,656,351</b>	<b>\$33,533,739</b>	<b>\$ 43,154,300</b>



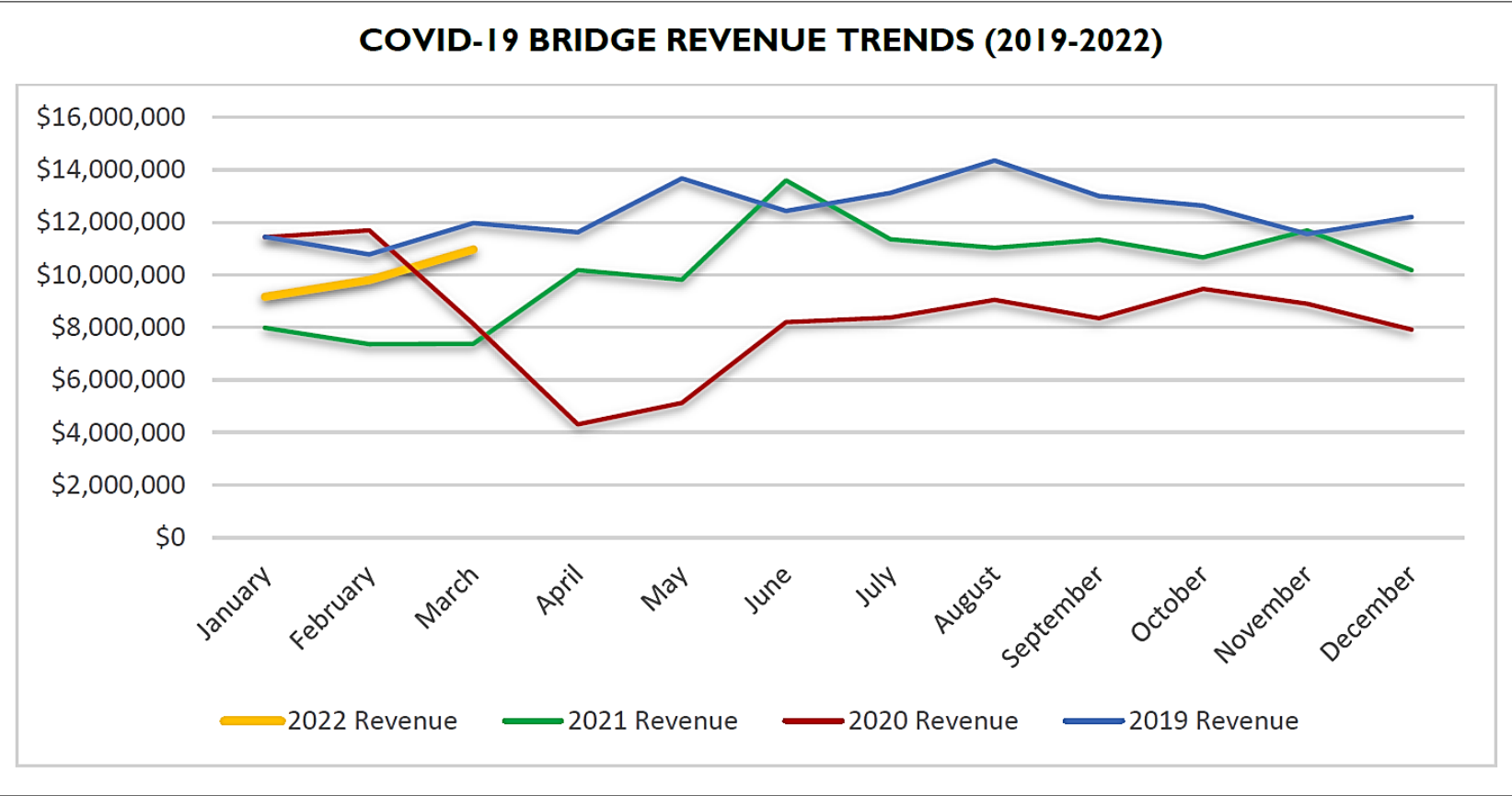
# COVID-19: IMPACTS ON BRIDGE TRAFFIC PATTERNS

The following graph shows the weekly change in southbound traffic. Using the first month of the calendar year as a base month, the graph shows southbound traffic for calendar year 2019, 2020, 2021, and 2022 through the end of March. Traffic dropped an average of 24% for calendar year 2021 compared to 2019. The calendar 2019 line represents the pre-COVID traffic pattern. The 2020 line shows the traffic trend dropping significantly starting in March 2020 when COVID shelter in place mandates were initiated. The 2021 shows traffic levels recovering with that trend continuing into 2022 through end of March. Further recovery is expected but traffic is still well below pre-pandemic levels.



# COVID-19: IMPACT ON BRIDGE TOLL REVENUE

The following graph shows the change in bridge toll revenue. The 2019 line represents monthly revenue for the calendar year 2019, the pre-COVID trend. The 2020 line shows the dramatic effect of the shelter in place order beginning in March 2020. The 2021 and 2022 lines show the recovery from the pandemic, but a significant gap remains between pre-COVID to current levels. Pre-COVID forecasted toll revenue is calculated using 2019 revenue adjusted for 2020, 2021 and 2022 toll rates. The toll revenue collection rate reached its lowest point at approximately 37% of pre-COVID revenue collected and has recovered to momentary high of 92% of pre-COVID revenue.







## **COVID-19: TRANSIT OVERVIEW**

The Bus and Ferry Division's traditional sources of revenue are the bridge toll subsidy, fare revenue, state, federal, and local operating grants, and specifically for the Bus Division, revenue earned by providing contracted bus services to Marin Transit. Available subsidy from bridge tolls and fare revenue dropped dramatically due to the decrease in commuters from Marin and Sonoma Counties traveling into San Francisco during the pandemic. Those two sources of lost revenue are the reason that the District's FY 22/23 budget is projected to have a transit funding shortfall before the use of emergency one-time federal funding.

### **Toll Revenue:**

As shown in the earlier Bridge Division section, the amount of bridge toll funding for transit operations is to grow but it will still be less than what it was before COVID changed the commuting patterns for the District's customers.

### **Fare Revenue:**

Pre-COVID transit fares were approximately \$35.7 million. That recovery is expected to maintain its gains in FY 22/23 with transit fare revenue at \$9.9 Million, \$4.8 million in Bus fares and \$5.1 in Ferry fares.

### **Emergency One-Time Federal Revenue:**

The District has been fortunate to receive a net total of \$282.5 million in one-time federal grant funds (\$5.4 million is netted out for STA adjustment due to ARP award) to offset the loss of bridge toll subsidy for transit operations and the drop in fare revenue to two main sources of funding for the District's transit divisions. The projected \$73.7 million shortfall (after use of available toll subsidy) will be funded once more by one-time federal funding.

## COVID-19: IMPACT ON BUS DIVISION

The Bus Division's main sources of revenue have significantly declined as a result of the pandemic and the slow economic recovery in the region. Typically, 50% of the Bus Division is funded by bridge toll revenue. However, with advent of COVID-19, the District has experienced a precipitous drop in that revenue source. In FY 18/19, Bus Fare revenue was \$15.5 million. In FY 20/21, Bus Fare revenue dropped to \$3 million due to the effect of COVID. Fare revenue in FY 21/22 is estimated to rebound only to \$4.7 million and is projected to slightly increase to \$4.9 million in FY 22/23.

CARES Act and CRRSAA funding were used in FY 20/21 and FY 21/22 to make up for the funding shortfall in the Bus Division. The FY 22/23 proposed budget assumes that ridership will be relatively flat starting at 32% and ending the fiscal year at 33%. Again, it is assumed that the ridership percentage will grow at a slower rate than the rate of service restoration.

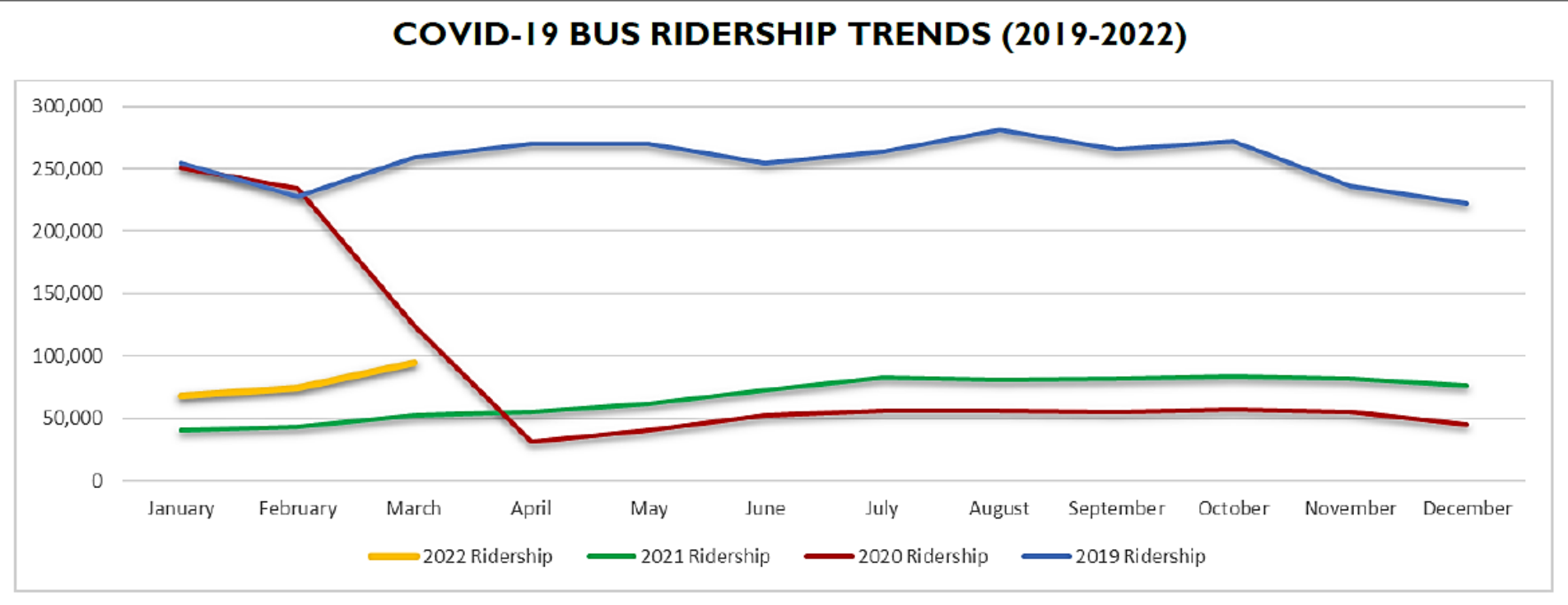
### BUS DIVISION REVENUES AND EXPENSES

Bus Revenues and Expenses	FY20/21 Actual	FY21/22 Estimated Actual	FY22/23 Proposed Budget
Total Bus Division Revenues	\$32,545,419	38,046,806	\$ 32,012,700
Total Bus Division Expenses	89,098,702	90,112,508	\$108,460,200
<b>Revenues Over/(Under) Expenses (*)</b>	<b>(\$56,553,283)</b>	<b>(\$52,065,702)</b>	<b>(\$76,447,500)</b>
CARES Act	5,517,981		
CRRSAA-1 <sup>st</sup> tranche	14,101,168		
CRRSAA-2 <sup>nd</sup> tranche	27,372,705		
ARP-1 <sup>st</sup> tranche		37,321,111	
ARP-2 <sup>nd</sup> tranche		4,110,457	24,580,100
ARP-3 <sup>rd</sup> tranche			23,635,400
Toll Carryover			
<b>Subtotal</b>	<b>46,991,854</b>	<b>41,431,568</b>	<b>48,215,500</b>
<b>Adjusted Revenues Over/(Under) Expenses (*)</b>	<b>(\$ 9,561,429)</b>	<b>(\$10,634,134)</b>	<b>(\$28,232,000)</b>

\* The remaining balance for FY 20/21, FY 21/22, and FY 22/23 is covered by excess funds provided by the Bridge Division.

# COVID-19: IMPACT ON BUS RIDERSHIP

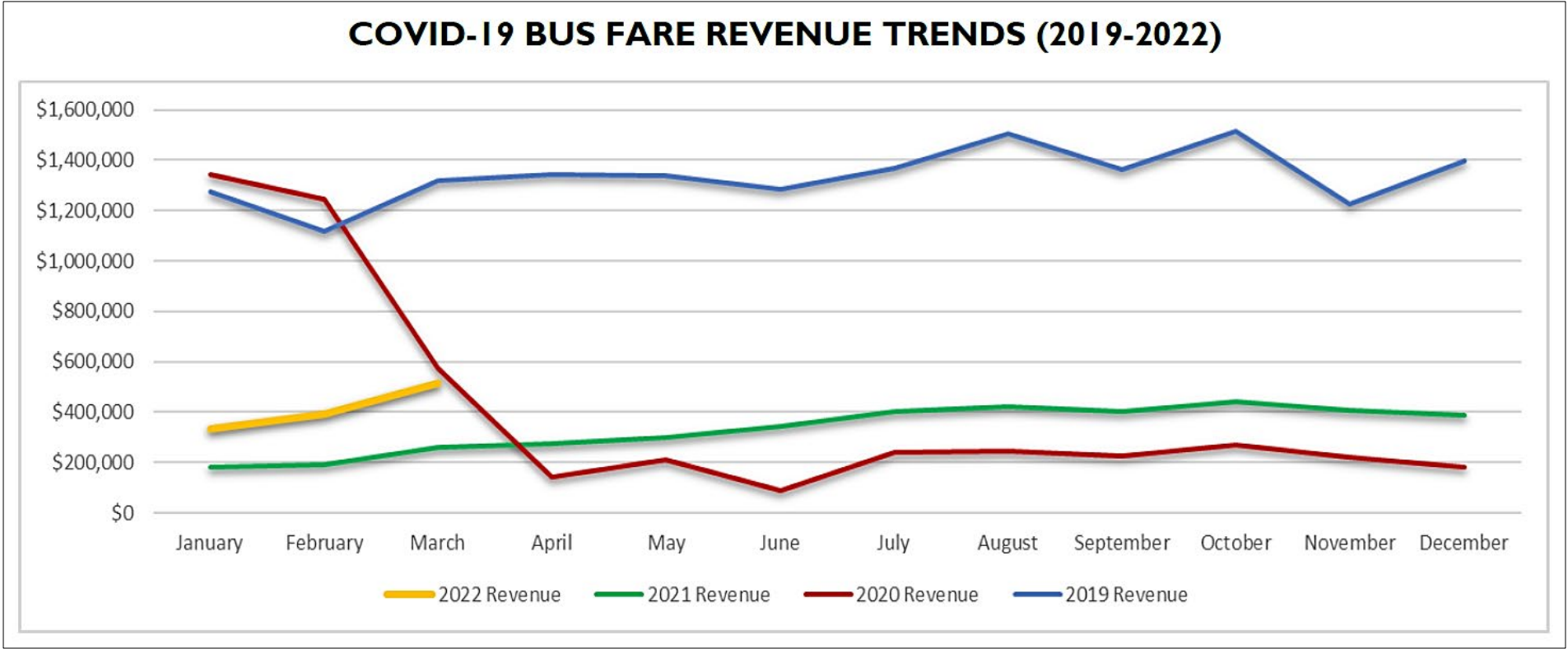
The following graph shows Bus ridership for 2019, 2020, 2021, and through March 2022. In FY 21/22 Bus ridership recovered from 2020 it dropped as low as 12% of pre-COVID ridership and has since recovered to 36% of pre-COVID ridership. The 2019 line serves as the pre-COVID monthly comparison. The 2020 line shows the dramatic drop in ridership corresponding to the March 2020 shelter in place orders. The 2021 line shows the stagnant recovery in bus ridership due to COVID restrictions. The 2022 line shows a slightly faster recovery.





# COVID-19: IMPACTS ON BUS FARE REVENUE

The following graph shows the shift in monthly bus fare revenue for 2019, 2020, 2021, and 2022 through the end of March. Bus fare revenue dropped to as low as 7% of pre-COVID revenue in 2020 and then recovered to 39% of pre-COVID revenue in March 2022. Bus revenue remains dramatically short of pre-COVID levels.



## COVID-19: BUS DIVISION RECOVERY RATE ASSUMPTIONS

The following table and graph show the current assumption for growth of bus ridership and is the basis for the proposed fare revenue in the FY 22/23 Proposed Budget. The growth projections assume bus ridership at 32% of pre-COVID ridership in July 2022 and remains flat at 33% at the end of the fiscal year.

BUS RIDERSHIP (12 MONTHS)						
	July	August	September	October	November	December
FY 19/20 Ridership	263,448	281,582	265,337	271,683	236,152	222,284
FY 20/21 Ridership	56,326	55,660	55,273	57,323	54,897	44,896
FY21/22 Estimated Ridership	82,325	80,775	82,037	84,079	82,049	76,449
FY 22/23 Projected Ridership	84,795	83,198	84,498	86,601	84,510	78,742
FY 22/23 Projected vs Base Year Ridership Rate	32%	30%	32%	32%	36%	35%
	January	February	March	April	May	June
FY 19/20 Ridership	254,220	227,626	259,460	270,004	270,381	254,403
FY 20/21 Ridership	40,789	43,050	52,674	55,561	62,030	73,051
FY 21/22 Ridership*	65,884	61,992	75,324	78,341	80,019	80,356
FY 22/23 Projected Ridership	67,861	63,852	77,584	80,691	82,419	82,767
FY 22/23 Projected vs Base Year Ridership Rate	27%	28%	30%	30%	30%	33%

*\*April – June projected not actuals*

## COVID-19: IMPACT ON FERRY DIVISION

The Ferry Division's main sources of revenue have significantly declined as a result of the current COVID-19 pandemic. Typically, 40% of the Ferry Division is funded by bridge tolls. However, with the advent of COVID-19, the District has experienced a precipitous drop in that revenue source. In FY 18/19, Ferry Fare revenue was \$20.2 million. In FY 19/20, Ferry Fares dropped to \$14.5 million and to less than a million in FY 20/21. Ferry fare revenue recovered in FY 21/22 to \$5 million and is expected to mostly remain flat in FY 22/23 at \$5.1 million.

CARES Act and CRRSAA funding were used in FY 20/21 and FY 21/22 to make up for the funding shortfall in the Ferry Division. It is expected that \$25.5 million in ARP funds will be necessary to balance the Ferry Budget in FY 22/23.

The FY 22/23 proposed budget assumes that ridership will grow from 25% to approximately 29% of pre-pandemic service levels. It is assumed that the ridership percentage will grow at a slower rate than the rate of service restoration.

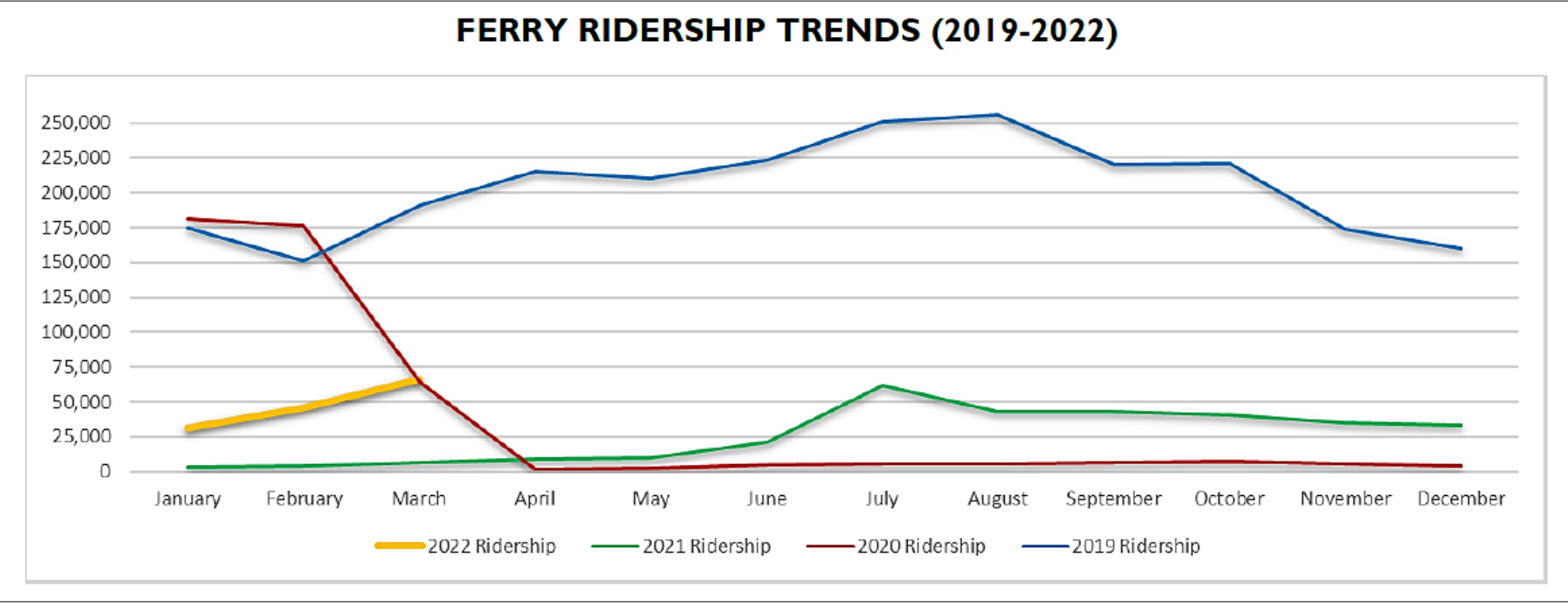
### FERRY DIVISION REVENUE AND EXPENSES

Ferry Revenue	FY 20/21 Actual	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Total Ferry Division Revenues	\$ 4,732,264	\$9,421,469	\$9,272,500
Total Ferry Division Expenses	\$37,243,848	38,949,870	\$49,679,400
<b>Revenues Over/(Under) Expenses (*)</b>	<b>(\$32,511,584)</b>	<b>(\$29,528,401)</b>	<b>(\$40,406,900)</b>
CARES Act	2,199,475		
CRRSAA-1 <sup>st</sup> tranche	6,218,791		
CRRSAA-2 <sup>nd</sup> tranche	12,056,770		
ARP-1 <sup>st</sup> tranche		20,376,307	
ARP-2 <sup>nd</sup> tranche		2,172,665	12,992,000
ARP-3 <sup>rd</sup> tranche			12,492,600
<b>Subtotal</b>	<b>\$20,475,036</b>	<b>\$22,548,972</b>	<b>\$25,484,600</b>
<b>Adjusted Revenues Over/(Under) Expenses (*)</b>	<b>(\$12,036,548)</b>	<b>(\$6,979,429)</b>	<b>(\$14,922,300)</b>

\* The remaining balance for FY 20/21, FY 21/22, and FY 22/23 are covered by excess funds provided by the Bridge Division.

# COVID-19: IMPACTS ON FERRY RIDERSHIP

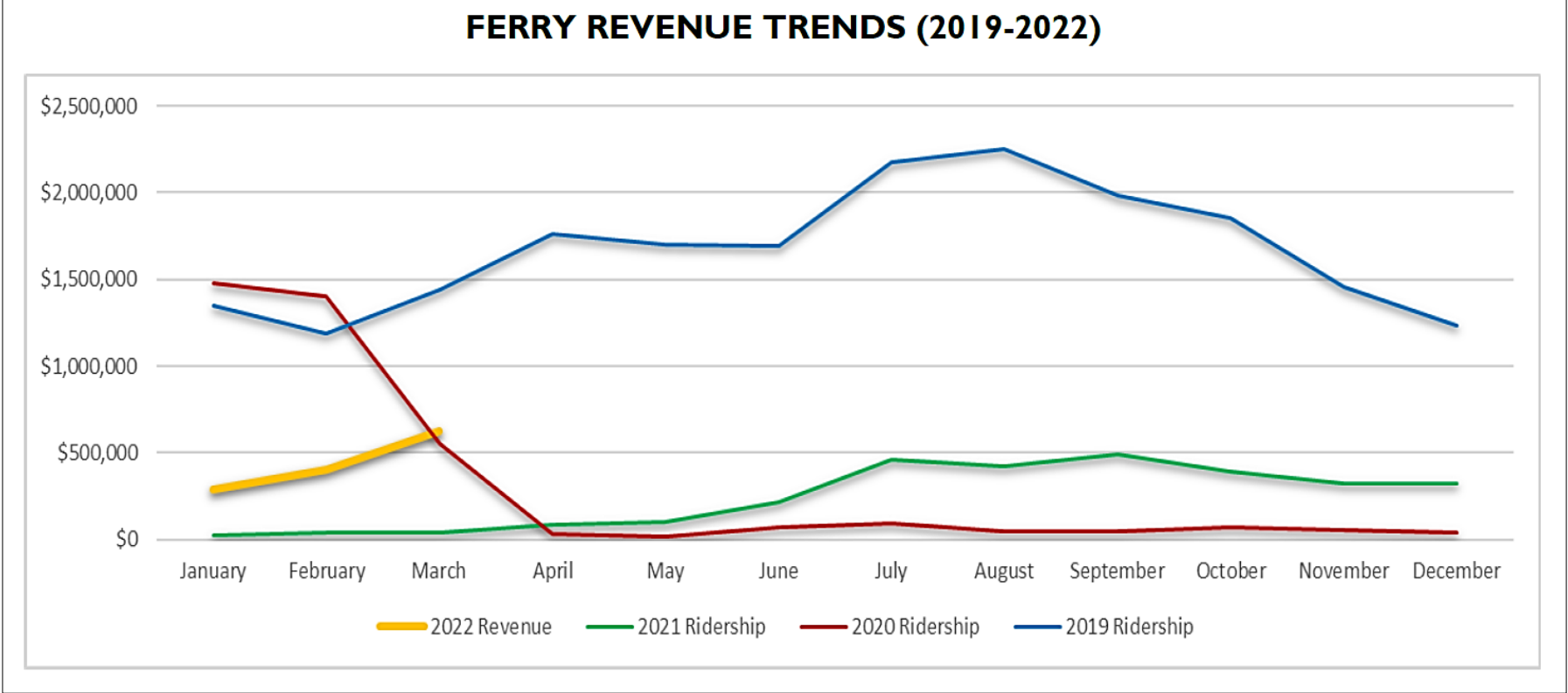
The following graph shows Ferry ridership for 2019, 2020, 2021, and 2022 through March. The 2020 line shows the dramatic drop in ridership corresponding to the March 2020 shelter in place orders. Ridership slowly recovered in 2021 and now has started a steeper recovery in the first months of 2022. In FY 20/21 Ferry ridership had dropped as low as 0.8% of pre-COVID ridership before recovering to momentary high of 35% of pre-COVID ridership by the end of March 2022.





# COVID-19: IMPACTS ON FERRY FARE REVENUE

The following graph shows the shift in monthly revenue from 2019, 2020, 2021, and 2022 through the end of March. The Ferry revenue had dropped as low as 1% of pre-COVID revenue and then recovered as high as 36% of pre-COVID revenue in March 2022.



## COVID-19: FERRY DIVISION RECOVERY RATE ASSUMPTIONS

The following table and graph show the current assumption for growth of ferry ridership that is the basis for the proposed fare revenue in FY 22/23. At this time, the growth projections assume starting from 25% of pre-COVID ridership in July 2021 and growing to 29% of pre-COVID ridership by end of FY 22/23.

FERRY RIDERSHIP TRENDS (12 MONTHS)						
	July	August	September	October	November	December
FY 19/20 Ridership	250,836	255,583	219,679	220,787	174,068	159,978
FY 20/21 Ridership	6,051	5,765	6,141	7,243	5,957	4,279
FY 21/22 Estimated Ridership	61,507	43,271	43,200	40,690	34,710	33,037
FY 22/23 Projected Ridership	63,352	44,569	44,496	41,911	35,751	34,028
FY 22/23 Projected vs Base Year Ridership Rate	25%	17%	20%	19%	21%	21%
	January	February	March	April	May	June
FY 19/20 Ridership	174,437	150,792	190,688	215,436	209,932	223,549
FY 20/21 Ridership	3,181	4,420	6,420	8,863	10,180	21,361
FY 21/22 Estimated* Ridership	31,082	33,150	41,730	48,747	55,990	61,947
FY 22/23 Projected Ridership	32,014	34,145	42,982	50,209	57,670	63,805
FY 22/23 Projected vs Base Year Ridership Rate	18%	23%	23%	23%	27%	29%

\*April – June projected, not actuals

## FINANCIAL IMPACT OF COVID-19 ON THE FY 22/23 PROPOSED BUDGET

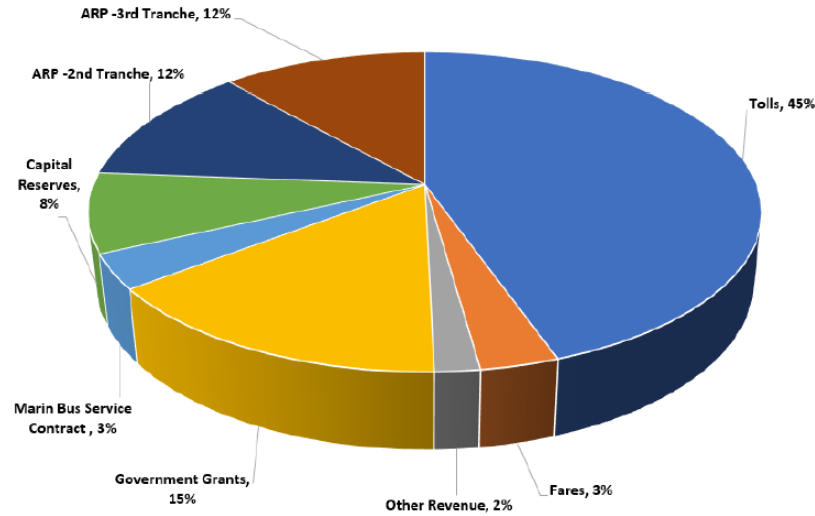
The impact of COVID-19 on the District's revenues has been extreme for more than two years now. That trend is expected to continue in FY 22/23 and beyond. The District received a net of \$282.5 million in Federal one-time emergency funding through the CARES Act, CRRSAA and ARP to balance the budget shortfall of its transit operations caused by the unprecedented drop in bridge traffic and the lack of demand for transit ridership. Without a significant change in commute patterns of its customers in the next year to two, the District will be required to seek additional local, state and federal funding or reduce transit expenses to balance future budgets.

Since the one-time federal funding is available to balance this Proposed FY 22/23 Budget, it does not contain the need for the Board and staff to find additional revenues or reduce transit expenses. The following table shows the \$73.7 million FY 22/23 budget shortfall, how one-time funding will balance the expenses, and the estimated cumulative \$51 million of one-time toll revenue carryover in FY 22/23. Toll revenue carry over are District reserves that were earned as toll revenue by the Bridge Division that was not used to subsidize transit due to the District's receipt of emergency one-time Federal funding for the purpose. The next two sections of the Proposed Budget will assume the \$73.7 million projected transit funding shortfall will be covered by ARP funds.

ONE-TIME FEDERAL FUNDING AND TOLL REVENUE CARRYOVER				
	FY 19/20 Actual	FY20/21 Actual	FY21/22 Est. Actual	FY22/23 Proposed Budget
Total Revenues	\$ 203,030,944	\$147,314,578	\$170,283,805	\$ 182,195,100
Total Expenses	\$ 221,746,351	\$204,757,482	\$218,344,169	\$ 255,895,200
<b>Operating Revenue Over/(Under) Expenses</b>	<b>\$ (18,715,407)</b>	<b>\$(57,442,904)</b>	<b>\$(48,060,364)</b>	<b>\$ (73,700,100)</b>
<b>One-Time Federal Funding:</b>				
Cares Act Funding	\$ 43,863,006	\$ 7,717,456		
CRRSAA Funding		\$ 59,749,434		
ARP Tranche I			\$ 57,697,418	
ARP Tranche II			\$ 6,283,122	\$ 37,572,100
ARP Tranche III				\$ 36,128,000
<b>Total One-Time Federal Funding</b>	<b>\$ 43,863,006</b>	<b>\$ 67,466,890</b>	<b>\$ 63,980,540</b>	<b>\$ 73,700,100</b>
<b>Adjusted Revenue Over/(Under) Expenses</b>	<b>\$ 25,147,599</b>	<b>\$ 10,023,986</b>	<b>\$ 15,920,176</b>	<b>\$ -</b>
<b>Cumulative Toll Revenue Carryover</b>	<b>\$ 25,147,599</b>	<b>\$ 35,171,585</b>	<b>\$ 51,091,761</b>	<b>\$ 51,091,761</b>
For the purpose of showing the cumulative toll carryover, this table represents audited figures before GASB adjustments and will not match the budget data for the past fiscal years represented.				

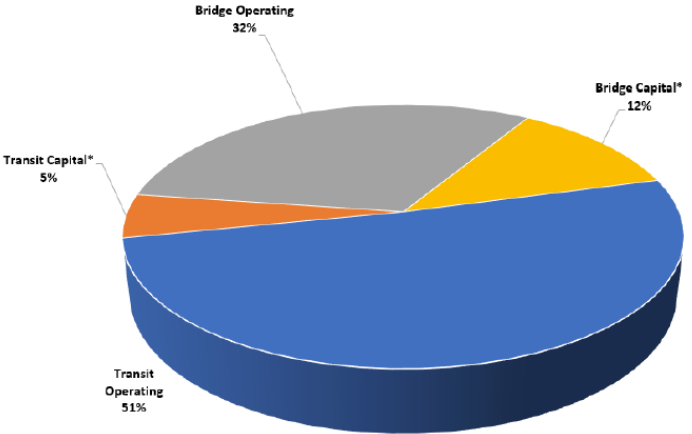
**REVENUE SOURCES**  
**FY 22/23 PROPOSED OPERATING AND CAPITAL BUDGET**  
**(IN MILLIONS)**

Source of Revenues	
Tolls	\$138.2
Fares	10.0
Other Revenue	5.7
Government Grants	46.5
Marin Bus Service Contract	10.9
Capital Reserves	25.0
ARP – 2nd Tranche	37.6
ARP – 3rd Tranche	36.1
<b>Total</b>	<b>\$310.0</b>



**EXPENSE ALLOCATION**  
**FY 22/23 PROPOSED OPERATING AND CAPITAL BUDGET**  
**(IN MILLIONS)**

Type of Expense	
Transit Operating	\$158.1
Transit Capital*	16.6
Bridge Operating	97.8
Bridge Capital*	37.5
<b>Total</b>	<b>\$310.0</b>





**FY 22/23 PROPOSED OPERATING AND CAPITAL BUDGET  
THREE-YEAR COMPARISON (IN MILLIONS)**

	Actual FY 20/21	Actual FY 21/22	Proposed FY 22/23
<b>Revenue</b>			
Bridge Tolls	\$108.4	\$129.2	\$138.2
Transit Fares	3.8	9.7	10.0
Other*	14.7	7.8	16.6
Operating Assistance	20.6	23.6	17.4
CARES Act Funding	7.7	-	-
CRRSAA-1st Tranche	20.3	-	-
CRRSAA-2nd Tranche	39.4	-	-
ARP-1st Tranche	-	57.7	-
ARP-2nd Tranche	-	6.3	37.6
ARP-3rd Tranche	-	-	36.1
<b>Operating Revenue Subtotal</b>	<b>\$214.9</b>	<b>\$234.3</b>	<b>\$255.9</b>
Capital Grants	30.3	\$23.1	\$29.1
<b>Total Revenue</b>	<b>\$245.2</b>	<b>\$257.4</b>	<b>\$285.0</b>
<b>Expenses</b>			
Labor and Fringes	\$124.3	\$125.7	\$153.8
Services/Supplies/Other	43.3	59.2	69.6
Contribution to Capital & Other Reserves	31.3	33.4	32.5
<b>Operating Expenses Subtotal</b>	<b>\$198.9</b>	<b>\$218.3</b>	<b>\$255.9</b>
<b>Capital Project Expense</b>	<b>54.7</b>	<b>35.9</b>	<b>54.1</b>
<b>Total Expenses</b>	<b>\$253.6</b>	<b>\$254.2</b>	<b>\$310.0</b>
<b>Total Revenue Over/(Under) Total Expense</b>	<b>\$(8.4)</b>	<b>\$3.2</b>	<b>\$(25.0)</b>

**NET IMPACT ON DISTRICT RESERVES  
THREE-YEAR COMPARISON (IN MILLIONS)**

	Actual FY 20/21	Actual FY 21/22	Proposed FY 22/23
<b>Total Revenue Over/(Under) Total Expense</b>	<b>\$(8.4)</b>	<b>\$3.2</b>	<b>\$(25.0)</b>
<b>Transfers to District Reserves</b>			
District Capital Contribution**	\$ 21.0	\$ 21.0	\$ 21.0
Bridge Self-Insurance Against Losses	1.3	1.3	1.3
Depreciation	10.3	12.4	11.5
<b>Subtotal Transfers to Reserves</b>	<b>\$32.6</b>	<b>\$34.7</b>	<b>\$33.8</b>
<b>Impact on Reserves</b>	<b>\$24.2</b>	<b>\$37.9</b>	<b>\$8.8</b>
Transfer to OPEB (Other Postemployment Benefits) Trust	\$1.3	\$2.3	\$(2.2)

\*Other revenue consists of Investment Income, Advertising, Contract Revenue, Parking, and Regional Measure 2 (RM2) funding.

\*\*See Capital Contribution section on page 71 for more detail.

## BUDGET OVERVIEW: TRANSIT SYSTEM FUNDING

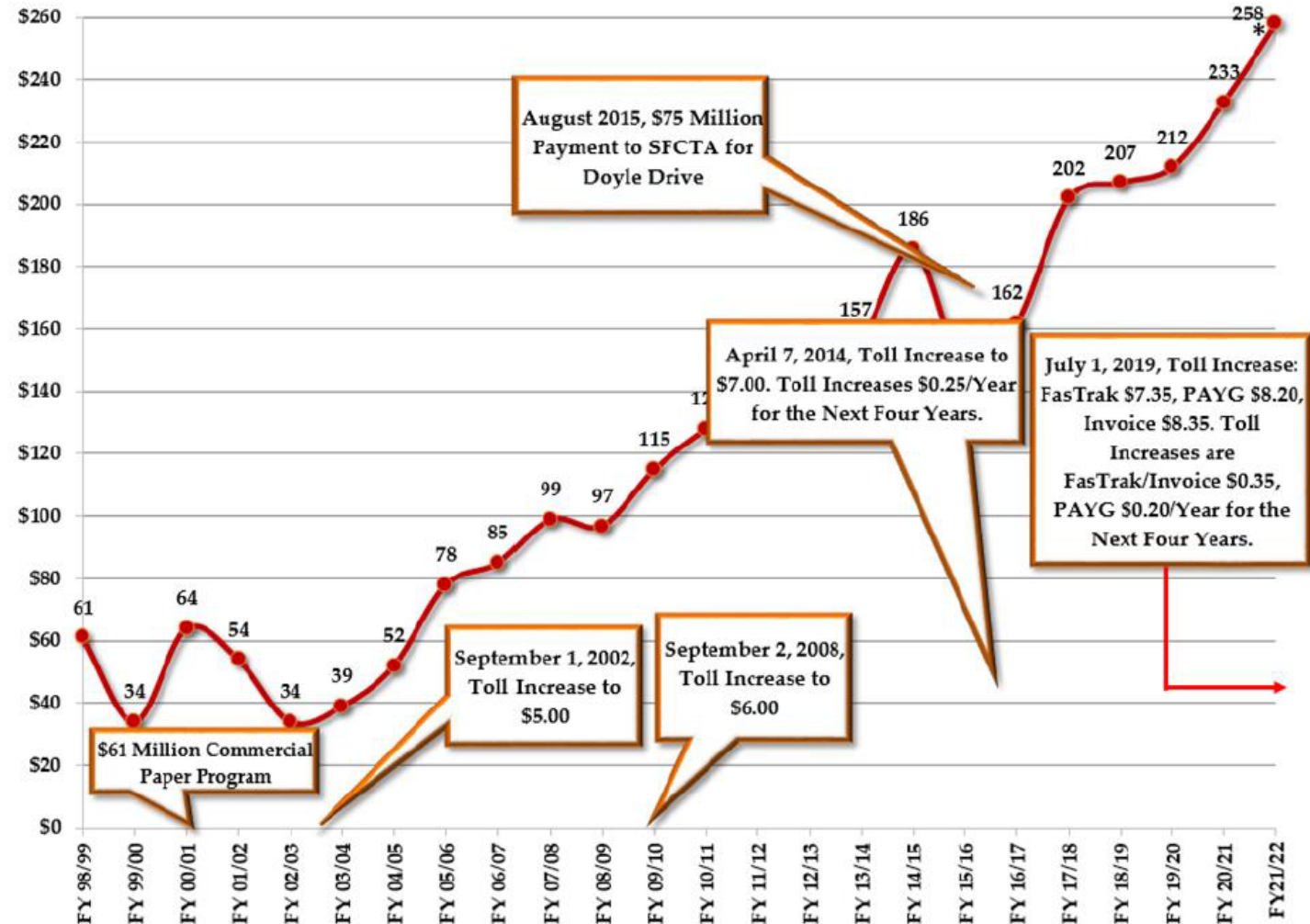
The Transit system is currently using emergency one-time federal funding to balance the FY 22/23 budget. It is unknown at this time if ridership will return to its previous pre-COVID levels before that one-time federal funding is expended. Pre-COVID, bridge tolls were able to subsidize up to 50% of the transit system’s expenses. One-time Federal funds were used to make up for the lack of toll subsidy and fare revenue in FY 21/22. One-time federal revenue will again make up the shortfall in FY 22/23. The following table displays how the toll subsidy and other revenues are allocated to fund the FY 21/22 Estimated Actual Expenses and Proposed FY 22/23 Budget Expenses.

	How Golden Gate Transit was Funded in FY 20/21 (In Millions)				How Golden Gate Transit is Estimated to be Funded in FY 21/22 (In Millions)			
	Bus Division	Ferry Division	Total Transit	% of Cost	Bus Division	Ferry Division	Total Transit	% of Cost
GGB Toll Subsidy	\$10.6	\$7.0	\$17.6	14%	\$28.2	\$14.9	\$43.1	27%
Passenger Fare	4.7	5.0	9.7	7%	4.8	5.1	10.0	6%
Other Revenue	14.1	0.1	14.2	11%	13.8	0.2	13.9	9%
Government Grants	19.3	4.3	23.6	18%	13.4	4.0	17.4	11%
ARP-1st Tranche	37.3	20.4	57.7	45%	-	-	-	0%
ARP-2nd Tranche	4.1	2.2	6.3	5%	24.6	13.0	37.6	24%
ARP-3rd Tranche	-	-	-	0%	23.6	12.5	36.1	23%
Total	\$90.1	\$39.0	\$129.1	100%	\$108.4	\$49.7	\$158.1	100%

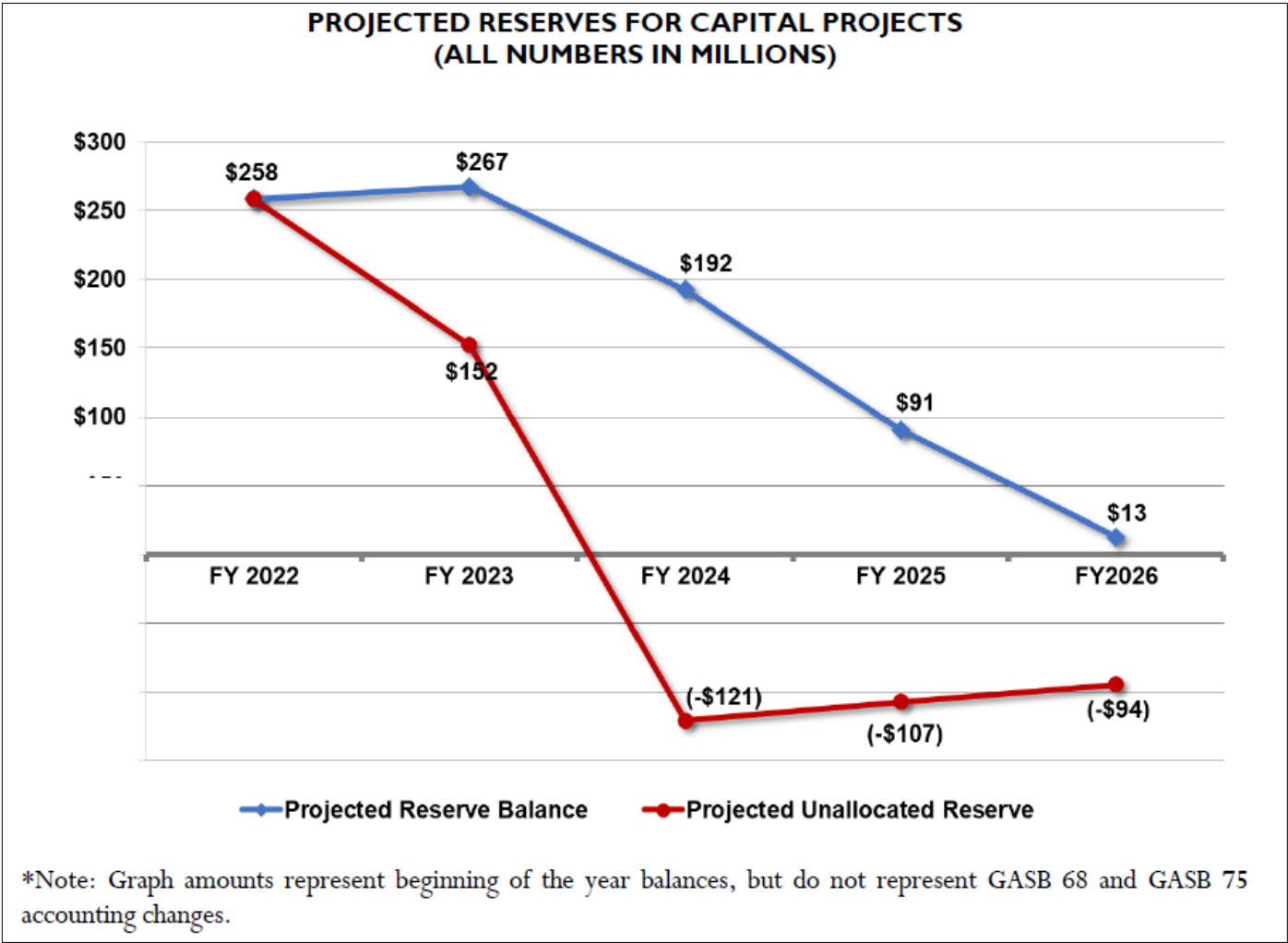
## BUDGET OVERVIEW: IMPACT OF FY 22/23 PROPOSED BUDGET

The FY 22/23 Proposed Budget was developed to continue the Board's efforts toward achieving long-term financial sustainability and to maintain sufficient reserves to complete its capital plan. It has taken years of determined fiscal stewardship by the Board to build up the District's reserves, which are necessary to maintain the billions of dollars worth of District capital assets. With continued lower customer demand brought on by the COVID-19 restrictions, emergency one-time federal funding will be used to fund the shortfall in transit revenues allowing the District to fund its capital reserves with toll revenue. The Proposed FY 22/23 Budget assumes the use of ARP funding to balance the budget. The Capital Budget is estimated to spend \$25 million in District reserve funds. This budget assumes that the District will not spend its Emergency and Operating reserves.

### RESERVE FUNDS AVAILABLE FOR CAPITAL PROJECTS FISCAL YEARS BEGIN JULY 1<sup>ST</sup> (ALL NUMBERS IN MILLIONS)



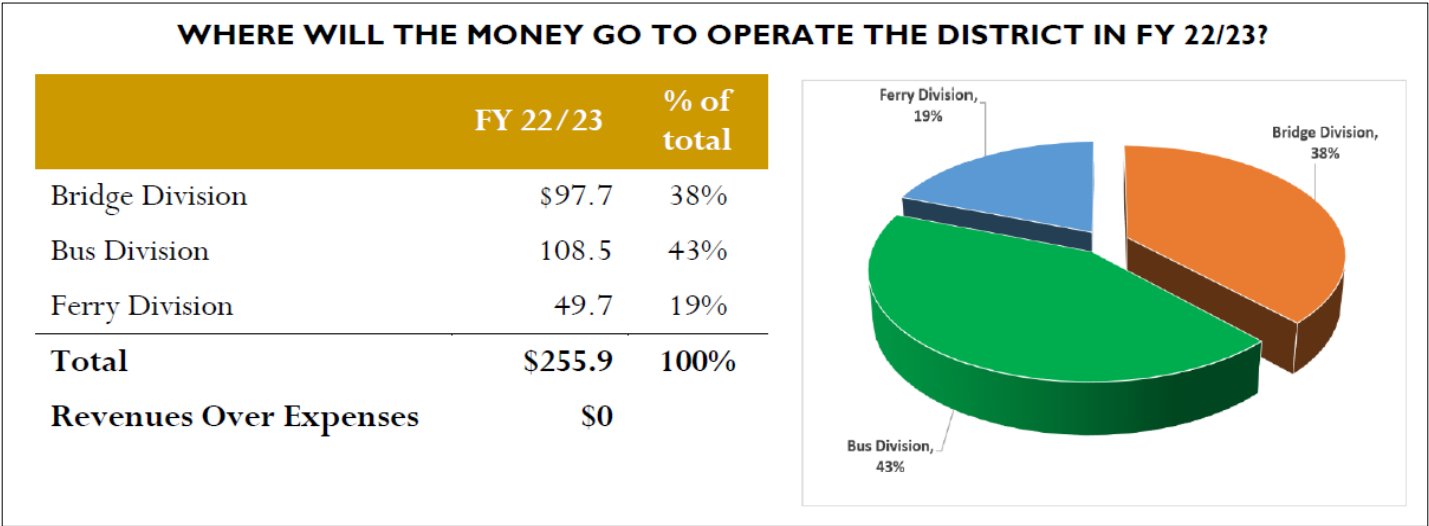
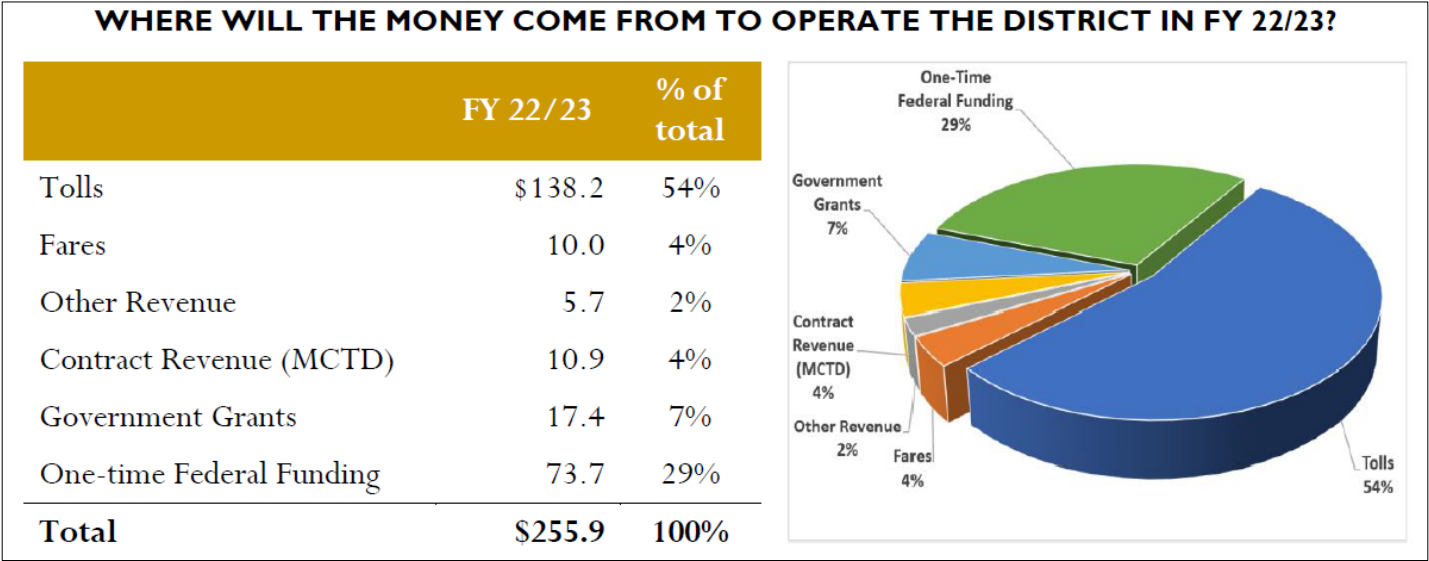
# BUDGET OVERVIEW: BOARD RESTRICTED RESERVES





# OPERATING BUDGET SUMMARY

The District is projected to have a balanced budget in FY 22/23 with the use of emergency one-time Federal grant funds provided to the District due to the COVID pandemic. The District projects that it will use \$73.7 million in ARP funding to balance the FY22/23 Proposed Budget of \$255.9 million.



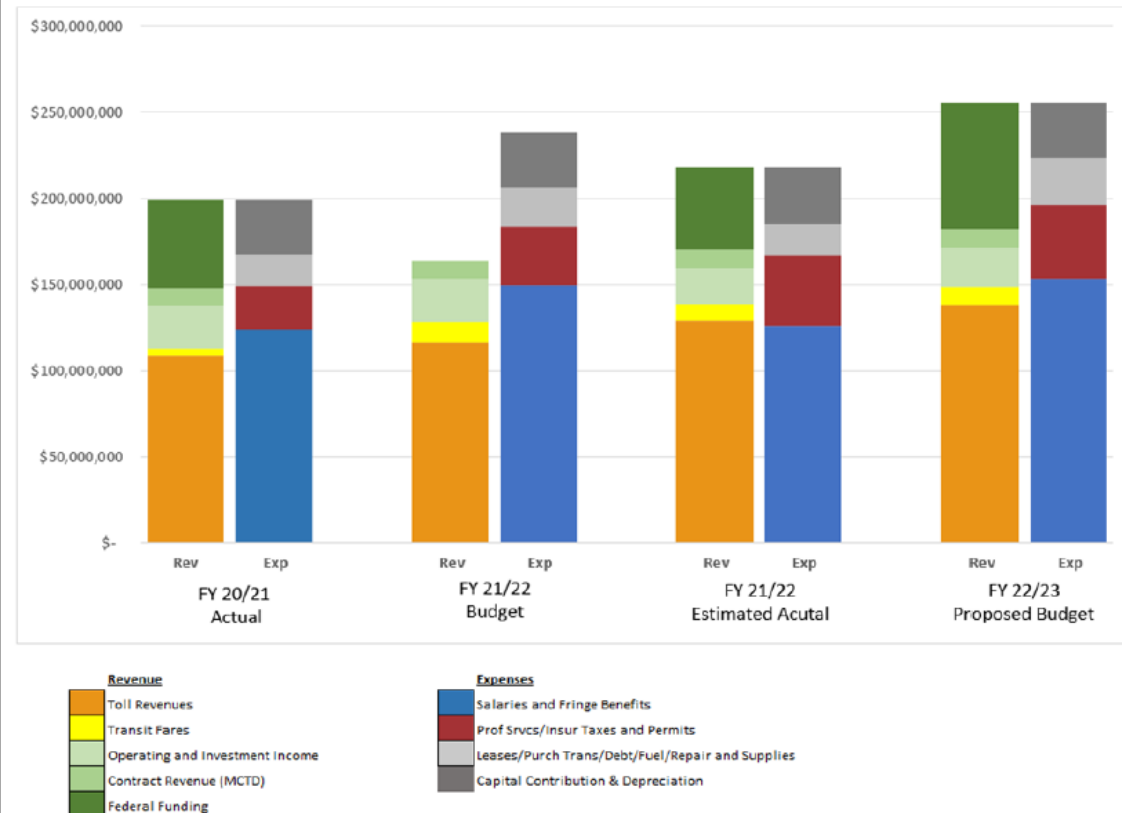
## REVENUE OVER EXPENSES SUMMARY

	FY 20/21 Actual	FY 21/22 Budget	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Revenues (*)	\$147,465,480	\$163,565,900	\$170,283,806	\$182,195,100
Expenses (*)	\$198,874,012	\$238,229,100	\$218,344,170	\$255,895,200
<b>Revenues Over/(Under) Expenses</b>	<b>\$(51,408,532)</b>	<b>\$(74,663,200)</b>	<b>(\$48,060,364)</b>	<b>\$(73,700,100)</b>
<b>One-Time Federal Funding</b>				
CARES Act	7,717,456	-	-	-
CRRSAA-1 <sup>st</sup> tranche	20,319,959	-	-	-
CRRSAA-2 <sup>nd</sup> tranche	39,429,475	-	-	-
ARP-1 <sup>st</sup> Tranche	-	-	57,697,418	-
ARP-2 <sup>nd</sup> Tranche	-	-	6,283,122	37,572,100
ARP-3 <sup>rd</sup> Tranche	-	-	-	36,128,000
<b>Subtotal One –Time Funding**</b>	<b>\$67,466,890</b>	<b>-</b>	<b>\$63,980,540</b>	<b>\$73,700,100</b>
<b>Adjusted Revenues Over/(Under) Expenses</b>	<b>\$16,058,358</b>	<b>\$(74,663,200)</b>	<b>\$15,920,016</b>	<b>\$0</b>

\* For detail breakdown, see Operating Revenues and Operating Expenses sections.

\*\* At the time the FY21/22 Budget was adopted, there was no one-time funding available so the adopted budget was expected to use toll carryover funds and still result in a deficit.

### CHART OF OPERATING REVENUES AND EXPENSES



## OPERATING REVENUES

Revenues	FY 20/21 Actual	FY 21/22 Budget	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Toll Revenues	\$108,351,941	\$116,613,300	\$129,243,500	\$138,202,600
Transit Fares	3,814,319	12,118,000	9,668,900	9,961,600
Other Operating Income	3,252,534	2,903,300	3,997,403	3,219,800
State Operating Income	20,512,643	20,561,200	23,610,930	17,139,700
Federal Operating Income	37,834	-	-	251,000
Contract Revenue (MCTD)	10,156,817	10,170,100	11,080,456	10,920,400
Investment Income	1,339,392	1,200,000	(7,317,383)	2,500,000
Subtotal	\$147,465,480	\$163,565,900	\$170,283,806	\$182,195,100
<b>One-Time Funding</b>				
CARES Act	7,717,456	-	-	-
CRRSAA-1 <sup>st</sup> Tranche	20,319,959	-	-	-
CRRSAA-2 <sup>nd</sup> Tranche	39,429,475	-	-	-
ARP-1 <sup>st</sup> Tranche	-	-	57,697,418	-
ARP-2 <sup>nd</sup> Tranche	-	-	6,283,122	37,572,100
ARP-3 <sup>rd</sup> Tranche	-	-	-	36,128,000
One-Time Funding Subtotal	\$67,466,890		\$63,980,540	\$73,700,100
<b>Revenues</b>	<b>\$214,932,370</b>	<b>\$163,565,900</b>	<b>\$234,264,346</b>	<b>\$255,895,200</b>
<b>Percent Change</b>		<b>(23.9)%</b>	<b>43.2%</b>	<b>9.2%</b>

## OPERATING EXPENSES

The FY22/23 Proposed Operating Expense is \$255.9 million (including a \$21 million contribution to reserves for future capital projects). This is an increase of 17.2% over FY21/22 Estimated Actual Expenses and 7.4% higher than FY 21/22 Adopted Budget. The increase is primarily due to the refunding of staffing and operating costs associated with service that was reduced due to the lack of customer demand during the COVID pandemic.

### OPERATING EXPENSES

	FY 20/21 Actual	FY 21/22 Budget	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Salaries	\$63,466,754	\$78,407,000	\$67,408,767	\$84,288,000
Fringe Benefits	60,829,576	71,322,800	58,353,140	69,533,900
Professional Services	19,586,832	25,627,500	31,023,222	32,933,600
Fuel & Related Taxes	3,628,439	8,218,500	6,692,466	11,639,400
Repair & Operating Supplies	8,355,851	9,362,000	7,864,447	9,477,100
Insurance, Taxes & Permits	4,976,360	8,378,900	10,310,700	9,959,500
Purchased Transportation	1,486,646	1,442,400	1,727,364	2,012,000
Other	768,070	892,800	592,524	1,119,900
Lease & Rentals	4,397,207	999,100	895,106	1,127,000
Debt Service - Interest Expense	98,000	1,455,000	100,000	1,300,000
<b>Subtotal Expenses</b>	<b>\$167,593,735</b>	<b>\$206,106,000</b>	<b>\$184,967,736</b>	<b>\$223,390,400</b>
<b>Percent Change</b>		<b>23.0%</b>	<b>(0.3)%</b>	<b>20.8%</b>
Capital Contribution	\$21,000,000	\$21,000,000	\$21,000,000	\$21,000,000
Depreciation	10,280,277	11,123,100	12,376,434	11,504,800
<b>Total Expenses</b>	<b>\$198,874,012</b>	<b>\$238,229,100</b>	<b>\$218,344,170</b>	<b>\$255,895,200</b>
<b>Percent Change</b>		<b>19.8%</b>	<b>(8.3)%</b>	<b>17.2%</b>

## OPERATING EXPENSES: OTHER POST-EMPLOYMENT BENEFITS (OPEB)

The Proposed FY 22/23 Budget fully funds the ADC payment of \$8.1 million. The FY 22/23 Proposed Budget OPEB expense is based on the actuarial valuation as of July 1, 2021. The ADC decreased due to the very strong investment earnings of the OPEB Trust and the transfer of District healthcare plans to CalPERS.

### OPEB EXPENSE BY OPERATING DIVISION

Division	FY 20/21 Actual	FY 21/22 Budget	FY 21/22 Estimated Actual	FY 22/23 Proposed Budget
Bridge	\$2,585,585	\$2,834,300	\$2,761,413	\$2,072,100
Bus	7,375,204	7,615,800	7,548,139	4,901,000
Ferry	1,520,630	1,582,400	1,524,956	1,156,800
<b>Total</b>	<b>\$11,481,419</b>	<b>\$12,032,500</b>	<b>\$11,834,508</b>	<b>\$8,129,900</b>



## OPERATING EXPENSES: DISTRICT HEALTHCARE PLANS

	2022 ANNUAL PREMIUM COSTS		
	Single	EE+1	Family
Kaiser	\$ 10,285	\$ 20,569	\$ 26,740
Gold	\$ 8,415	\$ 16,830	\$ 21,878
Platinum	\$ 12,684	\$ 25,368	\$ 32,979

	2022 Premium Sharing			2022 Premium Sharing			2022 Premium Sharing		
	Non Represented			Bus Operators				Coalition	
	Single	EE+1	Family	Single	EE+1	Family	Single	EE+1	Family
Kaiser	\$ 617	\$ 1,234	\$ 1,604	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720
Gold	\$ 505	\$ 1,010	\$ 1,313	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720	\$ 720
Platinum	\$ 1,078	\$ 2,156	\$ 2,803	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800	\$ 1,800

	2022 Stipends Non Represented				2022 Stipends Bus Operators				2022 Stipends Coalition		
	Single	EE+1	Family		Single	EE+1	Family		Single	EE+1	Family
Kaiser	\$ 1,000	\$ 2,000	\$ 3,000		\$ 1,000	\$ 2,000	\$ 3,000		\$ 1,000	\$ 2,000	\$ 3,000
Gold	\$ 1,000	\$ 2,000	\$ 3,000		\$ 500	\$ 1,500	\$ 2,000		\$ 1,000	\$ 1,000	\$ 3,000
Platinum	\$ -	\$ -	\$ -		\$ -	\$ -	\$ -		\$ -	\$ -	\$ -

**OPERATING EXPENSES: COST OF HEALTH CARE FOR ACTIVE EMPLOYEES**

The net amount an employee pays out of pocket for healthcare plans is the difference between stipend amounts received by the employee and the premium share the employee pays because the HRA amounts below are set to cover all medical co-pays, co-insurance, and prescription costs. In the table below, positive amounts represent net money the employee receives while (negative) amounts represent net out of pocket cost to the employee:

	2022 Employee "Out-of-Pocket"			2022 Employee "Out-of-Pocket"			2022 Employee "Out-of-Pocket"		
	Stipend minus (Prem Sharing)			Stipend minus (Prem Sharing)			Stipend minus (Prem Sharing)		
	Non Represented			Bus Operators				Coalition	
	Single	EE+1	Family	Single	EE+1	Family	Single	EE+1	Family
Kaiser	\$ 383	\$ 766	\$ 1,396	\$ 280	\$ 1,280	\$ 2,280	\$ 280	\$ 1,280	\$ 2,280
Gold	\$ 495	\$ 990	\$ 1,687	\$ (220)	\$ 780	\$ 1,280	\$ 280	\$ 280	\$ 2,280
Platinum	\$ (1,078)	\$ (2,156)	\$ (2,803)	\$ (1,800)	\$ (1,800)	\$ (1,800)	\$ (1,800)	\$ (1,800)	\$ (1,800)

**ACTIVE EMPLOYEE AND PRE-AGE 65 RETIREE HEALTH REIMBURSEMENT ACCOUNTS (HRA)**

Experience in the first full year of the program was that the average employee spent approximately 26% of HRA amount: The remaining funds are not expensed and remain with the District.

	2022 HRA			2022 HRA			2022 HRA		
	Non Represented			Bus Operators				Coalition	
	Single	EE+1	Family	Single	EE+1	Family	Single	EE+1	Family
Kaiser	\$ 1,500	\$ 3,000	\$ 3,000	\$ 550	\$ 1,100	\$ 2,200	\$ 1,500	\$ 3,000	\$ 3,000
Gold	\$ 3,500	\$ 7,000	\$ 7,000	\$ 3,500	\$ 7,000	\$ 7,000	\$ 3,500	\$ 7,000	\$ 7,000
Platinum	\$ 2,500	\$ 5,000	\$ 5,000	\$ 3,500	\$ 7,000	\$ 7,000	\$ 3,500	\$ 7,000	\$ 7,000

## FY22/23 PROPOSED BUDGET POSITION CHANGES

DIVISION SUMMARY OF CHANGES TO THE TABLE OF ORGANIZATION				
Positions by Division	FY 20/21 Year-End	FY 21/22 Adopted Budget	FY 21/22 Year-End	FY 22/23 Proposed Budget
Bridge	183	183	183	183
Bus	402	402	408	408
Ferry	104	104	104	104
District	150	150	150	151
<b>Total</b>	<b>839</b>	<b>839</b>	<b>845</b>	<b>846</b>

The FY22/23 Proposed Budget has an increase of one position to the organization.

### ***District Division***

**New Position: Business Info Sys Engineer (ERP) (1 position)** – Add one full-time position, which would be the third position, to support the financial systems for the District whose priority would be to support the short- and long-term implementation and use of the Enterprise Resource Planning (ERP) system: the District’s financial system and all the support programs associated with it such as human resources, procurement and accounts payable. This position is designed to be the lead staff person to understand the user needs, the technical infrastructure, and resolve technical and system issues both planned and as they arise. This position is not only the subject matter expert of the ERP system it also serves in the role of ensuring data integrity, support of the users in the use of the data, and of understanding both the business and technical parts of the program. The request is now to allow this position to be on board from the beginning of the ERP implementation to learn the customizations of the system as it is implemented and contribute their knowledge to assist users to be able to access and utilize the system to its fullest.

## CAPITAL PROGRAM SUMMARY

The FY 22/23 Capital Program will implement 9 new projects and 48 continuing projects to maintain existing services and facilities and to further implement high-priority safety and security projects, including modifications to existing facilities and vessels. Thirteen (13) capital projects were completed in FY 21/22.

### FY22/23 CAPITAL EXPENDITURES BY DIVISION\*

	Total Project	Prior Years	FY 22/23 Budget	Future Years
Bridge	\$275,645,000	140,458,000	36,712,000	98,475,000
Bus	\$20,447,000	9,410,000	2,571,000	8,466,000
Ferry	\$150,380,000	21,808,000	12,747,000	115,825,000
District	\$18,546,000	6,324,000	2,110,000	10,112,000
<b>Total Expenditures</b>	<b>\$465,018,000</b>	<b>178,000,000</b>	<b>54,140,000</b>	<b>232,878,000</b>

### FY 22/23 CAPITAL EXPENDITURES BY FUND SOURCE\*

	Total Project	Prior Years	FY 22/23 Budget	Future Years
District	\$207,677,000	67,699,000	24,995,000	114,983,000
Federal	\$246,030,000	105,349,000	28,197,000	112,484,000
State	\$10,536,000	4,436,000	887,000	5,213,000
Other Local	\$775,000	516,000	61,000	198,000
<b>Total Expenditures</b>	<b>\$465,018,000</b>	<b>178,000,000</b>	<b>54,140,000</b>	<b>232,878,000</b>

\*All dollar amounts are rounded to the nearest thousand.

## FY 23/24 CAPITAL BUDGET PROJECT LIST

Project Name	Total Project Cost
<b>BRIDGE</b>	
Main Cable Access (#9826)	\$13,180,000
IS Data Center Seismic Retrofit (#1821)	\$1,500,000
Ballistic Glass and Blast Mitigation	\$1,008,400
Bridge Administration Office Improvements (#2020)	\$122,000
<b>Subtotal Bridge</b>	<b>\$15,810,00</b>
<b>BUS</b>	
D1 Bus Admin Building Roof, HVAC & Dispatch Room (#2131)	\$1,700,000
D2 Buildings Roof and Painting	900,000
Heavy Duty Shop Hoist	500,000
Mobile Operations Control Center	420,000
Safety Management System (SMS) Software (#2231)	100,000
Replace Steam Bay Wastewater Recycling System Des/Env (#2134)	100,000
<b>Subtotal Bus</b>	<b>\$3,720,000</b>
<b>DISTRICT</b>	
Facilities Ventilation Assessment, Rehab and Improvements (#2214)	\$2,570,000
Document Management System (#1816)	\$800,000
Intranet Redesign (#2015)	\$150,000
<b>Subtotal District</b>	<b>\$3,520,000</b>
<b>Total FY 23/24 Capital Budget Project List</b>	<b>\$23,050,400</b>



## INITIAL PRESENTATION OF THE PROPOSED FY 22/23 OPERATING AND CAPITAL BUDGET

### Recommendation

The initial presentation of the Proposed Budget for Fiscal Year 2022/2023 (FY 22/23) is scheduled for the Finance-Auditing Committee meeting of May 19, 2022. Further discussion is scheduled for the Finance-Auditing Committee meeting on June 23, 2022, with subsequent Board action on June 24, 2022. At its June 23rd meeting, the Finance-Auditing Committee may recommend that the Board of Directors approve the FY 22/23 Proposed Operating and Capital Budget that:

1. Authorizes the following items as contained in the budget:
  - a. District Goals, Projects, and Accomplishments;
  - b. Changes to the Reserve Structure;
  - c. Changes to the Table of Organization;
2. Includes salary increases for the Coalition and Non-Represented employees. Salary increases for ATU-represented employees are to be negotiated.
3. Includes a Capital Contribution amount of \$21 million.
4. Authorizes budget increases for four Capital Projects by a total of \$8,477,000, to be funded with 100% District Reserves.
5. Authorizes the following items not currently included in the Proposed Budget but will be included in the Adopted Budget:
  - a. Any Board approved actions through June 30, 2022, that have a fiscal impact to the FY 22/23 Capital and/or Operating Budget;
  - b. Carryover any incomplete projects in the FY 21/22 Capital Budget to FY 22/23 as authorized by the General Manager;
  - c. Move any capital projects from the FY 23/24 list to the FY 22/23 budget, authorized by the General Manager, as staff resources become available in FY 22/23; and,
  - d. Any final FY 21/22 budget transfers needed to comply with the Board's budget policy will be implemented in the FY 22/23 Adopted Budget Book.

### **Total Project Budget Increase to Four (4) Capital Projects**

The Proposed FY 22/23 Budget includes the requests for total budget increase to four (4) capital projects. Project justifications for the increases are summarized below. The fiscal impact due to the requested increases total \$8,477,000, to be funded with 100% District reserves. These project budgets are requested to be increased now rather than at the time of award to allow the District to plan for the increased cost of these projects and the total cost of the District's capital plan.

**1. Bridge Division, Project 1820 – Toll Plaza Gantry – Design/Construction - \$7,264,000 to \$10,264,000 (increase of \$3 million to be funded with District reserves)**

The ongoing coronavirus pandemic has impacted material supply chains around the world and has resulted in significant material cost increases and labor increases.

**3. Bridge Division, Project 2221 – South Approach Viaduct Stringer Rehab – \$5,000,000 to \$6,000,000 (increase of \$1 million to be funded with District reserves)**

This project will rehabilitate the stringers and associated framing in Tower Span 2 and Tower Span3 of the South Approach Viaduct. The ongoing coronavirus pandemic has impacted material supply chains around the world and has resulted in significant material cost increases and labor increases.

**2. Bridge Division, Project 2220 – Fort Point Arch Maintenance Access Project –\$1,773,000 to \$6,000,000 (increase of \$4,227,000 to be funded with District reserves)**

The original budget underestimated the amount of scaffolding necessary to perform the work and the duration the scaffolding will be needed to complete the work.

**4. District Division, Project 2212 – Cyber Security Strategic Plan and Mitigations – \$500,000 to \$750,000 (increase of \$250,000 to be funded with District reserves)**

This project will enable the District to create a strategic plan for cyber security, will implement mitigation activities, and will support an expanded scope to include a District wide assessment for all seven District networks.

THANK YOU

