



Agenda Item No. (4)(a)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of June 22, 2023

From: Jennifer Mennucci, Director of Budget and Electronic Revenue
Joseph M. Wire, Auditor-Controller
Denis J. Mulligan, General Manager

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**
(a) AUTHORIZE BUDGET TRANSFERS AND ADJUSTMENTS TO
THE FY 22/23 OPERATING BUDGET

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors authorize operating budget transfers of \$3,820,000, or 1.5%, of total FY 22/23 Operating Budget Expenses as detailed in Attachment A, but summarized below:

INTRADIVISION TRANSFERS

	TO			
FROM	Bridge	Bus	Ferry	District
Bridge	\$600,000			
Bus			\$2,300,000	
Ferry			\$420,000	
District				\$500,000

1. The Bridge Division will transfer \$600,000 between budget categories in the Bridge Division.
2. The Bus Transit Division will transfer \$2,300,000 between budget categories to the Ferry Division.
3. The Ferry Division will transfer \$420,000 between budget categories in the Ferry Division.
4. The District Division will transfer \$500,000 between budget categories in the District Division.

This matter will be presented to the Board of Directors at its June 23, 2023, meeting for appropriate action.

Any additional transfers necessary at the end of the fiscal year will be adjusted as needed per the authority requested as part of the annual Board approval of the FY 23/24 Budget.

Summary

In accordance with Golden Gate Bridge, Highway and Transportation District (District) policy, budget transfers greater than \$50,000 made across different Divisions, or across different line items within the same Division, are subject to Board approval.

This item transfers budget authority in order to comply with the budget and the District's policies. There are no net additional expenses added to the District's FY 22/23 Operating Budget.

In order to be in compliance, there are multiple categories of increased expense in the operating budget that must be addressed. These categories are (in order of largest to smallest increase in expense): 1) Depreciation; 2) Fuel and Related Taxes; 3) Repair and Maintenance Supplies; and 4) Debt Service.

The transfers are as follows:

1. The Bridge Division as a whole is anticipated to end the year under budget but needs to transfer budget authority in four categories within its own Division Budget to comply with District policy. The reason for the transfer in each area is as follows:
 - a. Benefits savings to fund overages in other areas in depreciation, debt service, and fuel.
 - b. Depreciation cost increases related to seismic retrofit assets.
 - c. Debt Service costs related to higher interest rate environment.
 - d. Fuel and Related Tax costs associated with higher diesel and gasoline prices.
2. The Bus Division is anticipated to end the year under budget so has sufficient budget authority to transfer some to the Depreciation category in the Ferry Division (see details in the Ferry section below).
3. The Ferry Division is anticipated to end the year slightly above budget. The Ferry Division needs to transfer budget authority in four categories within its own Division Budget to comply with District policy. Additionally, the Bus Division will transfer budget authority to the Depreciation category in Ferry in order to fund the overage in Ferry Depreciation. The reason for the transfer in each area is as follows:
 - a. Benefits savings to fund overages in other areas in depreciation, fuel, and repair parts.
 - b. Fuel and Related Tax costs associated with higher diesel and gasoline prices.
 - c. Repair and Maintenance supply costs associated with the repair and maintenance of Ferry vessels and facilities.
 - d. Depreciation cost increase related to facilities at the Larkspur, Sausalito, and San Francisco terminals, engine overhauls of the *M.V. Golden Gate*, *M.V. Del Norte*, and *M.V. Napa*, the refurbishment and repowering of the *M.V. Sonoma*.

4. The District Division is anticipated to end the year under budget but needs to transfer budget authority from the Benefits category to the Depreciation category within its own Division Budget to comply with District policy. This is primarily due to an increase in depreciation expenses related to the radio system upgrade project, updated platform switches, and the new Integrated Financial Accounting System.

Fiscal Impact

There is no fiscal impact associated with this action for FY 22/23. The budget transfers, totaling \$3,820,000, will not result in a net increase in the District's operating budget.

Attachment: Proposed Budget Adjustments FY 22/23

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**ATTACHMENT A
PROPOSED BUDGET ADJUSTMENTS FY 22/23**

DISTRICT DIVISION	BRIDGE	BUS	FERRY	DISTRICT	TOTAL
District - Benefits				(\$500,000)	(\$500,000)
District - Depreciation				\$500,000	\$500,000
TOTAL NET CONTRIBUTION	\$0	\$0	\$0	\$0	\$0

BRIDGE DIVISION	BRIDGE	BUS	FERRY	DISTRICT	TOTAL
Bridge - Benefits	(\$600,000)				(\$600,000)
Bridge - Fuel & Related Taxes	\$100,000				\$100,000
Bridge - Depreciation	\$300,000				\$300,000
Bridge - Debt Service	\$200,000				\$200,000
TOTAL NET CONTRIBUTION	\$0	\$0	\$0	\$0	\$0

BUS DIVISION	BRIDGE	BUS	FERRY	DISTRICT	TOTAL
Bus - Depreciation		(\$2,300,000)			(\$2,300,000)
TOTAL NET CONTRIBUTION	\$0	(\$2,300,000)	\$0	\$0	(\$2,300,000)

FERRY DIVISION	BRIDGE	BUS	FERRY	DISTRICT	TOTAL
Ferry - Benefits			(\$420,000)		(\$420,000)
Ferry - Fuel & Related Taxes			\$170,000		\$170,000
Ferry - Repair & Maintenance Supplies			\$250,000		\$250,000
Ferry - Depreciation		\$2,300,000			\$2,300,000
TOTAL NET CONTRIBUTION	\$0	\$0	\$0	\$0	\$2,300,000

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