



Agenda Item No. (6)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of January 25, 2024

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

Subject: **APPROVE ACTIONS REGARDING THE PUBLIC OUTREACH
PROCESS RELATIVE TO PRESENTING TOLL OPTIONS FOR A
POTENTIAL TOLL INCREASE ON THE GOLDEN GATE BRIDGE**

Recommendation

Information provided in this report is intended to facilitate discussion by the Finance-Auditing Committee on actions regarding the public outreach process for a multi-year toll increase and provide direction to staff on proposed multi-year toll increase options. In order to allow for adequate time for public input, the Finance-Auditing Committee recommends that the Board of Directors approve actions relative to a proposed toll increase, as follows:

1. Authorize staff to present for public review several toll options, with the understanding that any action to modify the existing toll structure will take place only after an extensive public outreach process takes place intended to fully inform the public of the District's range of services and the finances required to support future operational and capital programs;
2. Authorize staff to conduct virtual informational open houses as listed below, for the purpose of providing information, answering questions, and receiving input from the public about the proposed toll increase options under consideration.

Virtual Open House Dates

Wednesday, February 14, 2024
Noon – 1:00 p.m.

Thursday, February 15, 2024
7:00 – 8:00 p.m.

The public will have an opportunity to participate online. People will be able to hear about the proposed toll plans, have their questions answered, and submit public comments; and,

3. Authorize staff to set a Public Hearing for Thursday, February 22, 2024, at 9:00 a.m., in the Board Room, Administration Building, Golden Gate Bridge Toll Plaza, San Francisco.

Summary

The purpose of this report is to present for Board consideration multi-year toll increase options developed by staff with input from the Finance-Auditing Committee at its meeting of December 14, 2023, and to set forth the intention to engage the public extensively in the toll-setting process that could lead to a July 1, 2024, toll increase on the Golden Gate Bridge. The action before the Finance-Auditing Committee today is to finalize toll increase options and a public outreach process. The steps for a proposed increase to the toll rates are outlined chronologically as follows:

1. At the December 2023 meeting, the Finance-Auditing Committee discussed the potential need for a future toll increase, types of toll rates, and proposed steps for public outreach to solicit input and guidance on a possible toll increase.
2. At the current meeting (January 25, 2024, Finance-Auditing Committee and January 26, 2024, Board meetings), staff requests authorization to present for public review several toll increase options, with the understanding that any action to modify the existing toll structure would take place only after an extensive public outreach process designed to fully inform, explain, and gauge public reaction to the District's range of services and the finances required to support those services and future operational and capital programs.
3. In February 2024, staff would conduct virtual open houses for the purpose of providing information, answering questions, and receiving input from the public about possible toll increase options.
4. Following the open houses, the Board would conduct a formal Public Hearing on Thursday, February 22, 2024, to assess public input of options.
5. In March 2024, the Board would consider for approval the adoption of a multi-year toll increase plan.
6. In July 2024, the first toll rate change could be implemented.

Future Budget Shortfall

Bridge toll revenues are the primary source of revenue to fund the operation and maintenance of the Golden Gate Bridge and the District's transit operations. A proposal to yearly increase tolls by a moderate amount has been included as one of many initiatives in past Strategic Financial Plans. Currently, the Board is engaged in a new Strategic Planning effort that likely will include the consideration of a new toll increase plan. In addition, during the Finance-Auditing Committee's review of the financial projections on October 26, 2023, the possibility of a new toll increase plan was discussed because the District relies on tolls to fund its operations as well as to guarantee its long-term financial stability.

The tables below are from the *Five- and Ten-Year Financial Projections* discussed at the October 26, 2023, Finance-Auditing Committee meeting (<https://www.goldengate.org/assets/1/25/2023-1026-financecomm-no8-fivetenyearprojections1.pdf?10741>). There are two projections in the report: (1) the first is based on revenue and expense levels from the past fiscal year; and (2) the second is based on the adopted budget, which provided higher expenditure levels to allow for the return of commute passengers to post-pandemic ridership levels. The report estimates a five-year

\$220 million shortfall if the District maintains current transit service levels and a five-year \$471 million shortfall if the District were to provide transit service closer to pre-pandemic service levels.

Current Transit Service Levels Projection	Year 1 FY 24/25 Estimate (\$M)	Sub Total Year 1 – 5 Estimate (\$M)	Total Year 1 – 10 Estimate (\$M)
Total Operating Expenditures with Capital Contribution (Based on FY 22/23 Actuals)	\$253	\$1,348	\$2,893
Total Operating Revenues with One-Time Federal Funding	\$252	\$1,128	\$2,214
Total Operating & Capital Surplus/ (Shortfall)	(\$1)	(\$220)	(\$679)
Near to Pre-Covid Service Levels Projection	Year 1 FY 24/25 Estimate (\$M)	Sub Total Year 1 – 5 Estimate (\$M)	Total Year 1 – 10 Estimate (\$M)
Total Operating Expenditures with Capital Contribution (Based on FY 23/24 Budget)	\$292	\$1,557	\$3,347
Total Operating Revenues	\$219	\$1,086	\$2,172
Total Operating & Capital Surplus/(Shortfall)	(\$73)	(\$471)	(\$1,175)

The Importance of Bridge Toll Revenue

Bridge tolls supply the majority of the District’s operating revenue and, as envisioned by the District’s enabling legislation, that revenue is dedicated to both Bridge capital projects and those expenses the District incurs in the operation and maintenance of the Golden Gate Bridge and the District’s Bus and Ferry services. In recent pre-pandemic years, about half of all toll revenue went to fund transit operations. In addition to operating funding, the Bridge and Transit facilities require funds for capital projects (maintenance, repair, and improvements). Since the start of the pandemic, the District has experienced fewer Bridge crossings than in prior years because commuters have yet to return to work in San Francisco at pre-pandemic levels, resulting in reduced commuter travel. Currently, the District has 80-85% of pre-Covid traffic with commute hours down almost 30%. This is a loss of \$25 to \$30 million dollars a year, which is up to a quarter of the Bus and Ferry systems’ pre-Covid budgets.

The District was able to secure one-time federal COVID relief funding to make up for this lost revenue in the transit service budgets, allowing the District to reverse planned employee layoffs and fund those transit services that were in demand. The District has been fiscally responsible in carefully monitoring the level of transit demand, setting transit service levels to serve that demand, and keeping expenses as low as possible in order to stretch one-time federal funding over the last four years. The one-time federal funding will be fully expensed by the end of June 2024.

Historically, the revenue goal for a toll increase plan was based on reducing the majority of the projected shortfall as shown in the District’s annual financial projection (described above). Due

to the pandemic's lingering impacts on travel in the Golden Gate Corridor (Bridge, Bus and Ferry), toll and transit fare revenues are less than before the pandemic, and therefore it is unlikely that a new toll increase will address the majority of the projected shortfall.

Over the last five years, Golden Gate Bridge tolls have increased an average of 35 cents (\$0.35) per year as part of a multi-year toll plan previously approved by the Board. The last and final such increase occurred last year on July 1, 2023.

Since the last toll increase plan was implemented in April 2019, costs have risen for goods and services necessary to carry out the District's mission to provide transportation services to its customers. Over those five years, the average annual inflation rate was 4.0% (CPI-U).

The remainder of this report is divided into the following sections:

- I. Criteria for Selecting Toll Options
- II. Public Review of Potential Toll Increase
- III. Possible Toll Options For Discussion Purposes

I. Criteria for Selecting Toll Options

This section presents possible criteria for discussion and guidance regarding the development and review of toll options. Proposed criteria include:

1. Any toll increase proposal should address significant funding needs identified in the October 2023 Financial Projections for the next five years. It is understood that the District will continue its efforts to identify innovative cost-cutting opportunities as well as ways to increase revenues to address some of its projected funding needs and future funding needs of the organization. These additional opportunities could be developed in the future Strategic Plan.
2. The District should continue to offer at least three toll rates based on the method a customer chooses to pay their toll.
 - A lower toll should remain available to FasTrak® customers because they prepay their toll account and the use of both the FasTrak tag and the vehicle's license plate makes toll collection more certain and more efficient. As such, this method has the lowest cost per customer transaction.
 - A mid-rate toll for License Plate Tolling (Pay-By-Plate Program) customers because they proactively post-pay their toll. This tier was implemented in the 2019 plan and has proven to be helpful to the District's customers. This rate is for customers that make one-time payments prior to receiving an invoice and have proactively opened a license plate account. These transactions rely solely on the vehicle's license plate, but the customer identifies themselves so collection of tolls by the District is more certain.
 - The highest toll rate would be for Invoice Tolling customers because the District must find the customer and request payment. These transactions rely solely on the vehicle's license plate and require that the District locate the customer and mail an invoice.

3. Although the District's AET system allows for toll increases in any increment, unfamiliar increments and frequent changes can be confusing for the District's toll-paying customers. All options will advance simple tolling structures to ensure transparent messaging and expectations.
4. Building upon the success of the District's multi-year approach of the previous multi-year toll increase and the last five multi-year transit fare increases, and keeping with criteria #3, all toll increase options for public review and comment would incrementally raise tolls over the five-year plan to meet the funding goal of criteria #1. These incremental increases would be rounded to the nearest 5 cents to allow clear communication of the toll rates.
5. Consistent with existing policy, for 3+ multi-axle vehicles, the per axle toll rate for each axle starting with the 3rd axle will remain equal to the base 2-axle toll rate for that payment type (FasTrak, Pay-By-Plate, or Invoice). Thus, if the base toll rate is increased by \$0.25 cents, then the rate for each axle for 3+ axle vehicles will be increased by \$0.25 cents. The toll will remain capped at the value of a 7-axle toll rate.
6. Consistent with existing policy, the carpool and persons with disabilities toll will increase by the same amount as the FasTrak toll rate. Thus, if the carpool toll is \$6.75 and the FasTrak toll is increased by \$0.25 cents, the new carpool toll will be \$7.00.

II. Public Review of Potential Toll Increase

As stated above, at the October 26, 2023, the Finance-Auditing Committee performed its annual review of *the Five- and Ten-Year Financial Projection*. The Committee was informed that staff would recommend to the Board at its next meeting that it initiate appropriate steps to consider the presentation of toll increase options to the public for a possible toll increase July 1st, 2024.

This section of the report is to facilitate Finance-Auditing Committee discussion and input to staff for the preparation for the Board's consideration, at its current meeting (January 25, 2024, Finance-Auditing Committee and January 26, 2024, Board meetings), of a public process for reviewing and commenting on possible new multi-year toll increase. The recommendation to the Board is to consider the following:

- Authorize staff to present approved toll options for the public and ultimately the Board's review that, combined with other actions, produce the revenues necessary to carry out the District's transportation service for its customers;
- Authorize staff to undertake a series of Virtual Open Houses in February 2024 to provide information and receive feedback from the public;
- Authorize staff to conduct a Public Hearing after the Open Houses on Thursday, February 22, 2024; and,
- Implement any follow-up Board action for the implementation of a possible toll increase in July 2024.

Public Outreach Plan: Public Education of, and Input to, a Proposed Toll Increase

As with all District proposals that have an impact on the public, a comprehensive Public Outreach Plan (Plan) will be implemented. The Plan will include outreach efforts aimed at engaging the District's toll-paying customers in the process. The Plan will be focused on educating and increasing toll payer awareness regarding the toll increase options and the reasoning behind needing a toll increase as well as providing options for commenting and providing input on the proposed options.

The Plan will include outreach efforts such as a dedicated area on the website where all toll increase information may be found, as well as an online comment form for public input; use of the District's social media accounts; print and digital advertising; community partner outreach; email-based outreach; development of FAQs; regular news media briefings and updates; speakers bureau; video-based online content; editorial board meetings; preparation of educational/informational materials for outreach; and holding Open Houses and a formal Public Hearing.

It is proposed that two Virtual Open House meetings be held in February 2024 to receive public input on the toll options and to provide a forum for staff to answer questions and provide information to the public as to the financial need for a toll increase at this juncture.

A Spanish translator will be present at the virtual open houses. Translations in other languages can be made available using Language Line if needed. The meetings will be publicized through various local media channels. Printed materials will be available in English, Spanish, Chinese, and Vietnamese.

Through the online event, the public will be able to hear about the proposed toll plans, have their questions answered, and submit official public comments. The Open House presentation will be available online after the first open house on the District's website to allow the public to review and comment at their convenience.

The Proposed Virtual Open Houses dates are as follows:

Wednesday, February 14, 2024, Noon – 1:00 p.m.
Thursday, February 15, 2024, 7:00 – 8:00 p.m.

Following the implementation of the various outreach strategies noted above, the outreach process will culminate with a formal Public Hearing on Thursday, February 22, 2024, at 9:00 a.m., in the Board Room, Administration Building, Golden Gate Bridge Toll Plaza, San Francisco, CA.

Public comments on the proposal may be submitted in several different ways:

1. Attend the Open Houses or Public Hearing;
2. E-mail publichearing@goldengate.org; and/or,
3. Send written comments to the District Secretary.

All comments will be considered equally without regard to the manner in which the comments are submitted. Therefore, individuals do not have to attend the public hearing and provide testimony

in person if they have commented through e-mail or written forms. All comments received through the above methods will be considered in the final recommendation. Comments must be received by 4:30 p.m. on Friday, February 23, 2023.

Environmental Process for the Toll Increase Review

National Environmental Policy Act (NEPA) applies to projects that require federal agency approval. Toll rates on existing toll facilities are generally left to State and local discretion. The options under consideration by the District to change existing toll rates for the Golden Gate Bridge do not require federal approval and are exempt from the NEPA process.

California Environmental Quality Act (CEQA) applies to discretionary projects proposed by state and local agencies that have the potential for causing a significant effect on the environment. Certain projects are statutorily and categorically exempt from CEQA. Under *CEQA Guidelines Section 15273*, CEQA does not apply to the District's proposal to modify existing toll rates on the Golden Gate Bridge because the project is for the purpose of meeting operating expenses, funding capital projects to maintain service, and meeting financial reserve needs. The District will prepare a Notice of Exemption for the proposed toll rates modification and file it with the state and counties upon approval by the District's Board of Directors as provided for in *CEQA Guidelines Section 15062*.

III. Possible Toll Options for Consideration

Based on the above criteria, including consideration of the District's projected five-year funding need, below are four toll options staff created for the Committee's discussion with the understanding the Committee will attempt to provide approximately four options to seek public comment. If desired by the Committee, any of the options can be altered or eliminated at the Board's direction. In addition, the Board can add, change, or eliminate options based on its discussion or based on public comments received over the coming months of public outreach. The options below were chosen because they meet the listed criteria. For each option, the following information is provided:

- date the increase would be effective
- the amount of the increase
- the total five-year revenue impact of the increase
- all toll options under review would result in a toll anywhere from a \$9.10 FasTrak toll to a \$12.25 Invoice Toll at the end of the five-year period.

Three of the options raise at least \$100 million in revenue or almost half of the anticipated shortfall. The fourth option raises more than half of the projected five-year shortfall. Unlike in the past, these toll increase options do not meet the majority of the financial shortfall for the District or create funding for additional transit service without reductions in other expenses or an increase in non-toll revenue.

For reference, the bridge toll would need to be increased by approximately 80 to 85 cents every year of the five-year plan to make up the shortfall in the first projection of \$220 million. That projection assumed close to current transit service, with only a modest increase in transit service.

The following is a table that shows four annual five-year toll increase programs that are recommended to be included in the proposed public outreach process. All the proposals keep the current three ways for customers to pay their toll: a FasTrak account, Pay-As-You-Go account or by Invoice. Lastly, the Board can choose to modify or create new options beyond these four.

Proposed Five-Year Toll Rate Options

		July 2024	July 2025	July 2026	July 2027	July 2028	Result
Option 1 \$0.50 Annual Increase	FasTrak	\$9.25	\$9.75	\$10.25	\$10.75	\$11.25	Raises approximately \$139 million over 5 years
	Pay As You Go	\$9.50	\$10.00	\$10.50	\$11.00	\$11.50	
	Invoice	\$10.25	\$10.75	\$11.25	\$11.75	\$12.25	

		July 2024	July 2025	July 2026	July 2027	July 2028	Result
Option 2 \$0.40 Annual Increase	FasTrak	\$9.15	\$9.55	\$9.95	\$10.35	\$10.75	Raises approximately \$114 million over 5 years
	Pay As You Go	\$9.40	\$9.80	\$10.20	\$10.60	\$11.00	
	Invoice	\$10.15	\$10.55	\$10.95	\$11.35	\$11.75	

		July 2024	July 2025	July 2026	July 2027	July 2028	Result
Option 3 4% Annual Increase*	FasTrak	\$9.10	\$9.45	\$9.85	\$10.25	\$10.65	Raises approximately \$107 million over 5 years
	Pay As You Go	\$9.35	\$9.70	\$10.10	\$10.50	\$10.90	
	Invoice	\$10.15	\$10.55	\$10.95	\$11.40	\$11.85	

*This option adds \$0.35 cents in years 1 and 2, and \$0.40 cents in years 3, 4, 5 for FasTrak/Pay Go & \$0.45 in years 4 & 5 for Invoice)

		July 2024	July 2025	July 2026	July 2027	July 2028	Result
Option 4 \$0.35 Annual Increase	FasTrak	\$9.10	\$9.45	\$9.80	\$10.15	\$10.50	Raises approximately \$101 million over 5 years
	Pay As You Go	\$9.35	\$9.70	\$10.05	\$10.40	\$10.75	
	Invoice	\$10.10	\$10.45	\$10.80	\$11.15	\$11.50	

Multi-Axle, Carpool and Person with Disabilities Toll Rates

The toll rates for multi-axle vehicles, carpools, and persons with disabilities will increase based on the final selected toll options described above in criteria #5 and #6 under “Criteria for Selecting Toll Options.”

Fiscal Impact

The recommended actions in this item would create a public outreach process. It is estimated that the public outreach, open houses, and public hearing are expected to cost approximately \$12,000 to \$15,000 for translation services, public notification, and other associated costs. Funding for these meetings will be absorbed in this year’s Operating Budget.

Attachment: Tolls from other Bridges

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**Bridge Toll Rates
(As of January 2024)**

Facility	Agency	State	Through	Tag	PBP	Invoice
Golden Gate	GGBHTD	CA	24-Jun	\$8.75	\$9.00	\$9.75
Antioch, Benicia-Martinez, Carquinez, Dumbarton, RSR, San Mateo-Hayward	BATA	CA	24-Dec	\$7.00		
SFOBB	BATA	CA	24-Dec	\$8 Weekday Peak \$6 Weekend Off-Peak \$7 Weekend		
Nice/Middleton Memorial Bridge	MTA	MD		\$4.50	\$6.00	\$9.00
Francis Scott Key Bridge	MTA	MD		\$3.00	\$4.00	\$6.00
Thomas J. Hatem Memorial Bridge	MTA	MD		\$6.00	\$8.00	\$12.00
Ambassador Bridge	DIBC	MI/Canada		\$8.00		
Bayonne Bridge	PANYNJ	NY/NJ	Effective 1/7/2024	\$15.38 Peak \$13.38 Off-Peak	N/A	\$17.63
George Washington Bridge	PANYNJ	NY/NJ	Effective 1/7/2024	\$15.38 Peak \$13.38 Off-Peak	N/A	\$17.63
Goethals Bridge	PANYNJ	NY/NJ	Effective 1/7/2024	\$15.38 Peak \$13.38 Off-Peak	N/A	\$17.63
Outerbridge Crossing	PANYNJ	NY/NJ	Effective 1/7/2024	\$15.38 Peak \$13.38 Off-Peak	N/A	\$17.63
Bronx-Whitestone Bridge, RFK Bridges, Hugh L Carey	NY MTA	NY		\$6.94	\$9.11	\$11.19
Thousand Islands Bridge	TIBA	NY/Canada		\$3.75		
Rainbow Bridge	NFBC	NY/Canada		\$5.00		
SR 520 Bridge	WSDOT	WA		\$1.25 - \$4.50		\$3.25 - \$6.50
Tacoma Narrows	WSDOT	WA		\$4.50	\$5.50	\$6.50

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