



Agenda Item No. (8)

To: Finance-Auditing Committee/Committee of the Whole
Meeting of September 26, 2024

From: Eric Reeves, Principal Budget and Programs Analyst
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Subject: **RECEIVE THE UPDATED FIVE- AND TEN-YEAR FINANCIAL PROJECTION**

Recommendation

The Finance-Auditing Committee recommends that the Board of Directors receive the updated five- and ten-year financial projection, as detailed in this staff report.

Summary

I. Background

This report contains the Golden Gate Bridge, Highway and Transportation District's (District) five- and ten-year financial projection of operating and capital project revenues and expenses from FY 25/26 through FY 34/35. The projection reflects the FY 24/25 budget as a baseline that includes maintenance of all current policy decisions – current operating service levels, the current capital project schedule and current revenue assumptions – over the period of the projection. It assumes that the cost will change over time with inflation and that revenues will change according to projections of traffic and transit patronage. *Future* policy decisions to change tolls, fares, and/or service levels are *not* included in this projection.

The projection presents the long-term financial impact of the present baseline level of operations. The projection is not a policy document and therefore does not represent the future direction of the District. That direction will be set by policy decisions made by the Board in the coming year and beyond. Those decisions will change the direction of the District as compared to this projection, i.e., increase or decrease the fiscal strength of the District and, correspondingly, its ability to serve the public.

II. Fiscal Strength of the District

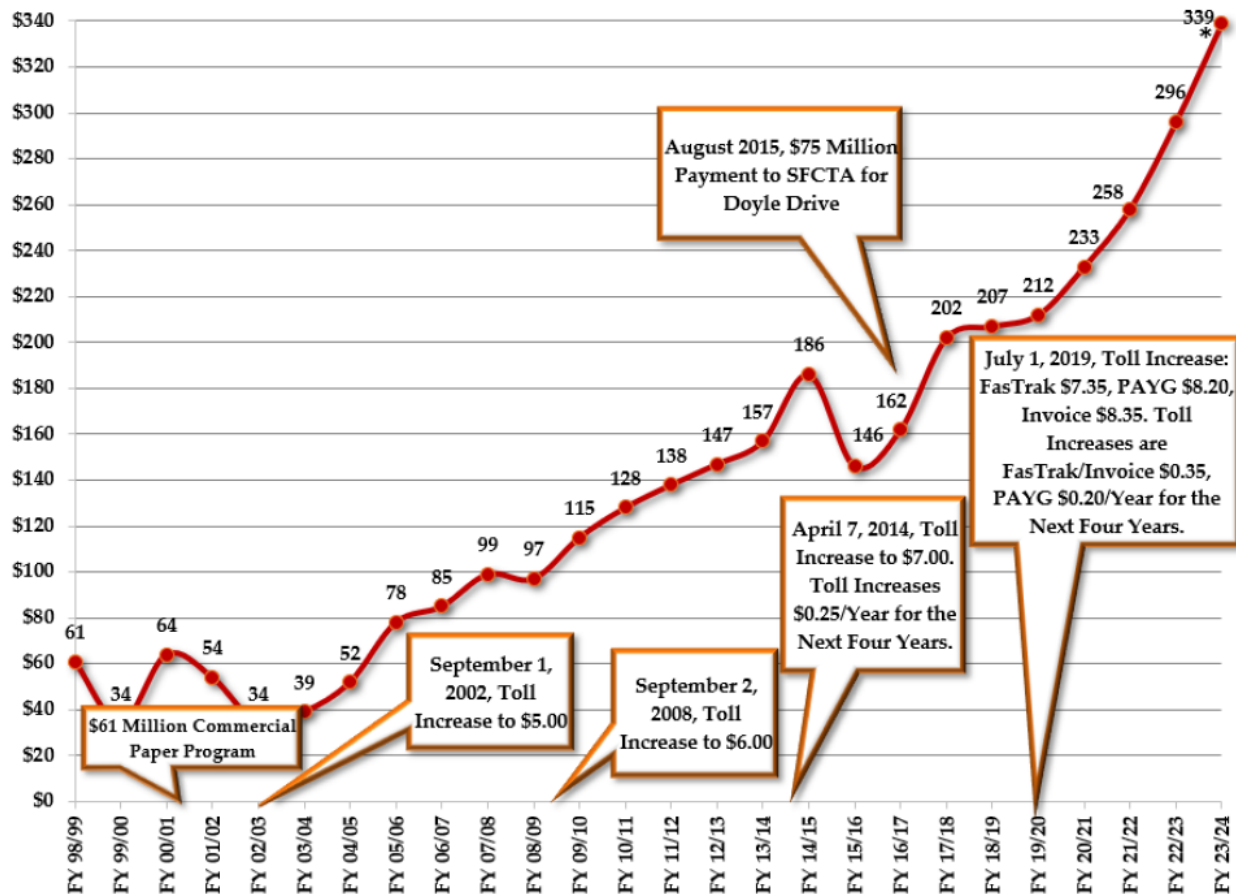
Summary

The fiscal strength of the District is best tracked by comparing the level of reserve funds available for operating and capital with the time period necessary for the projected needs of the District to exhaust those resources.

Reserve Level

Historically, the District has maintained reserve funds for capital projects and operating expense emergencies. The amount of these reserves has varied but adequate reserves are essential to the ability of the District to maintain its core assets – the Bridge, the transit rolling stock and infrastructure, and District facilities – and to survive downturns in the economy.

The capital reserve levels for the last + 20 years are displayed in the chart below.



*Note: Graph amounts represent the beginning of the year balances. See Appendix E for more details.

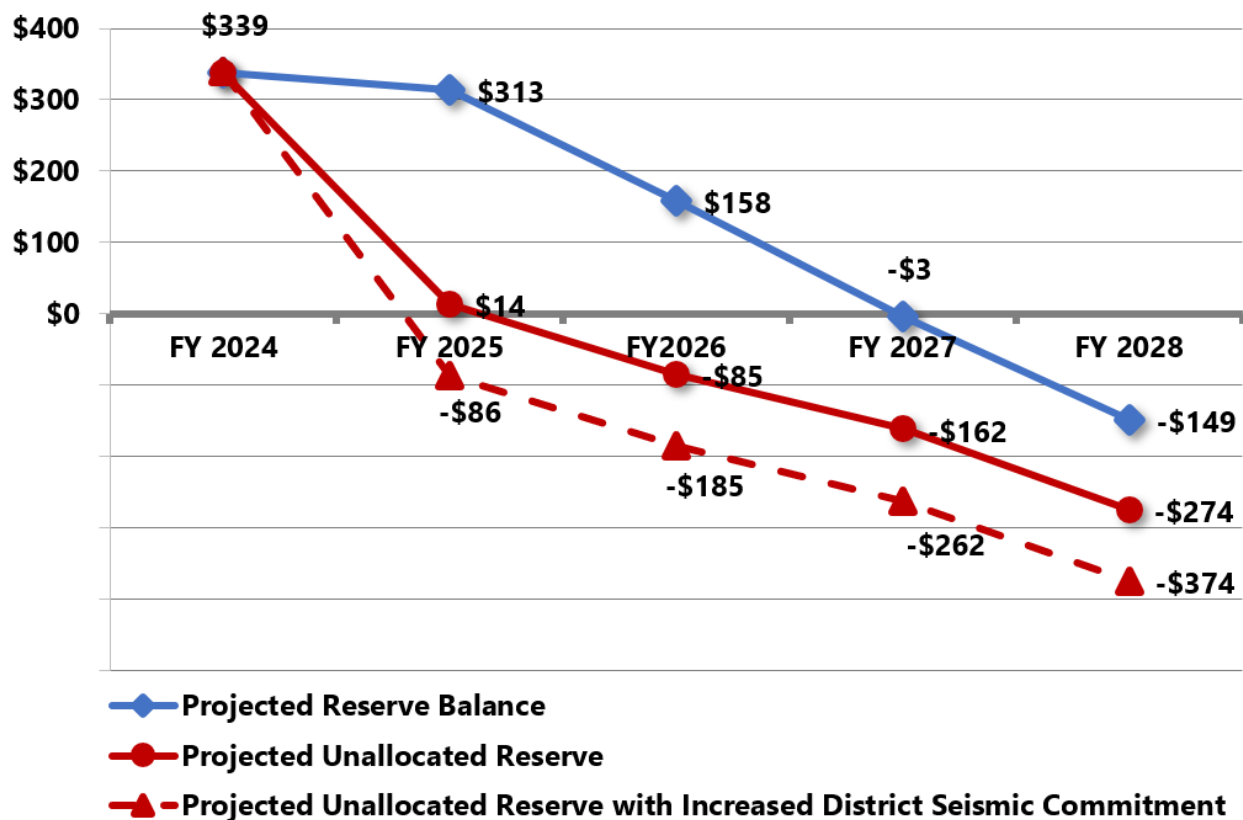
Allocation of Reserves in Projection

Given the projected funding needs for capital projects and the liability, and operating reserves over the next few years this section will discuss the use of reserves in this projection. Also, the

uncertainty associated with the ultimate cost of the final phase of the seismic retrofitting of the Bridge and the requisite funding if any cost increases arise is still unknown, which further supports a more conservative approach in allocating the District’s available capital reserve resources (see Appendix D and E for details). Additional funding for new capital projects in future years will need to be raised to fund the full ten-year capital plan in this projection. This projection assumes those funds will be raised but that will only be achieved if the operating budget is balanced.

In addition to the capital project reserves, the District holds reserves for operations, emergencies, Bridge self-insured losses, other legal liabilities and debt services reserves (See Appendix E). These reserves are not considered available for capital projects.

The District accumulates reserves through its operating budget. Those reserves are set aside until the Board allocates them to fund the District’s share of capital projects or to cover temporary operating budget shortfalls. After funds are allocated by the Board, they are spent out over one to several years depending on the particular project. The following graph represents an updated projection of how the current total of capital reserves would be allocated (Projected Unallocated Reserve line) and spent out (Projected Reserve Balance line) if capital projects are undertaken as laid out in the Ten-Year Capital Plan. If the funding status of the seismic retrofit assumes an additional \$100 million commitment in District funds, an estimate of that assumption is reflected in the dotted red line (Projected Unallocated Reserve with District Seismic Commitment.) The Projected Reserve Balance line in the graph below assumes the projected annual operating deficits that are described later in this report. If the District balances future annual operating budgets, the District can avoid having a Projected Reserve Balance below \$0.



Note: Graph amounts represent the beginning of the year balances but do not represent GASB 68 and GASB 75 accounting changes.

How Reserves Are Funded

New reserves are accumulated if future operating budgets are balanced. A balanced operating budget increases capital project reserves through three mechanisms: 1) the capital reserve contribution set aside; 2) depreciation expense; and 3) Bridge self-insurance against losses. The tradeoffs between which capital projects to begin and when will be decided during future budget processes. (For more information regarding the capital contribution or reserve structure, see Appendix D and E).

III. Current Projection Findings

The findings of the revised five- and ten-year projection for revenues and expenses are summarized in the following table. A year-by-year summary table and detailed operating and capital revenue and expense tables are in the appendices. The basis for the projected expenditures is the FY 24/25 Adopted Budget which provides the resources for the District to maintain its transit service to meet current customer demand.

	Sub Total Year 1 – 5 Estimate (\$M)	Total Year 1 – 10 Estimate (\$M)
Total Operating Expenditures with Capital Contribution (Based on FY24/25 Budget)	\$1,572	\$3,364
Total Operating Revenues	\$1,336	\$2,678
Total Operating & Capital Surplus/(Shortfall)	(\$236)	(\$686)
Total Operating & Capital Surplus/(Shortfall) – Based on Actual Spending and Service Levels in FY23/24	(\$86)	(\$365)

The projected shortfall exists because projected expenses rise over the ten-year measurement period but many of the sources of revenue either do not or rise at a smaller rate. Many revenue sources, such as tolls and fares, will only increase through future public action. Over the ten-year measurement period, District expenditures are projected to increase by \$620 million. The primary drivers of increases in expenditures include salary costs (\$139M), benefit costs (\$211 million), and depreciation costs due to finishing of major projects in the ten-year timeframe (\$185 million).

Based on the FY24/25 Adopted Budget, the District projects that there will be a \$236 million shortfall over the next five fiscal years. Under the same assumptions, the District projects that there will be a \$686 million shortfall over the next ten fiscal years. Based on actual spending and service

levels in FY23/24, the District projects that there will be a \$86 million shortfall over the next five fiscal years and a \$365 million shortfall over the next ten fiscal years.

It is important to note that the current projection includes the toll plan approved by the Board in January 2024 to increase tolls within the first five-year period of this 10-year projection. There are approved scheduled increases in transit fares associated with the adopted five-year transit fare policy during the first three years of the ten-year projection period.

The District assumes some growth in bridge traffic (~0.7% annual increase in southbound crossings for FY 25/26 – FY 27/28). Beyond that, the District is assuming southbound crossings will be flat at ~17.4 million southbound crossings (i.e., 88% of pre-COVID southbound crossings). The District assumes some growth in bus ridership (~2.3% annually between FY 25/26 – FY 27/28 and ~0.6% annually FY 28/29 and beyond). By FY 34/35, the District is projecting bus ridership at ~1.6 million (i.e., 53.6% of pre-COVID bus ridership). The District assumes some growth in ferry ridership (~3.0% annually between FY 25/26 – FY 27/28 and ~0.8% annually FY28/29 and beyond). By FY 34/35, the District is projecting ferry ridership at ~1.6 million (i.e., 67.3% of pre-COVID ferry ridership).

Capital Contribution

The FY 24/25 Adopted Budget was approved with the \$21 million capital reserve contribution amount. A capital reserve contribution of \$21 million is required to fund the projected ten-year capital plan.

The annually updated ten-year Capital Plan is the basis for determining the annual Capital Reserve Contribution need. As the projection moves forward one-year, new capital projects become part of the projection and need to be funded through the projected capital reserve contribution. The projected ten-year District capital need is estimated at \$587 million. After accounting for funds contributed by depreciation, the use of \$48 million in District reserves offset by projected increase in capital project costs and financing risk, the necessary capital contribution from District Operations is approximately \$210 million or \$21 million annually for the ten-year period (See Appendix D for detail).

Comparison to the Previous Projection

For comparison purposes, the projected five-year revenue over expense shortfall of \$236 million is approximately \$235 million lower than the \$471 million presented in the previous projection of October 26, 2023. Similarly, the projected ten-year revenue over expense shortfall of \$686 million is approximately \$489 million lower than the \$1,175 million presented in the previous projection. The \$489 million decrease in the five- and ten-year projected shortfall is primarily due to increases in projected operating revenues, most notably, the adoption of a five-year toll policy. Please note that these projections do cover different periods of time. When comparing one projection to another, it is difficult to recognize the actual change in the projection unless one focuses on the same period in time.

	<u>Impact on Current Projection Deficit (\$M)</u>
Net Difference - New 10th Year, Old First Year	(\$33)
Net Difference - Improvements in District Financial Situation	<u>\$522</u>
Total	\$489

IV. Assumptions

The assumptions used to build the projection are very important to the findings. Whether the assumption is the inflation rate used to inflate salary costs or the list of capital projects to be undertaken, all assumptions have an impact on the findings. However, a change to any one of the inflation assumptions or capital projects will not dramatically change the findings in this report. Since the projection is neither a policy document, nor a direction for the District, but a status quo baseline to be used to provide a benchmark for future policy decisions, assumptions have been chosen that provide the greatest likelihood that the projection will correctly reflect a status quo future. The major operating revenue and expense assumptions are listed in Appendix B.

Capital Project Revenue and Expense Assumptions

The FY 25/26 through FY 34/35 Ten-Year Capital Projection, provided in Appendix C, identifies a \$2.0 billion capital need over the next ten years requiring a District contribution of \$588 million. This plan has been structured to systematically maintain and sustain existing Bridge, Bus and Ferry capital investments within existing staff resources.

Grants are generally assumed to fund 80% of Transit rehabilitation and replacement projects, consistent with prior experience, and 80% of the core Bridge rehabilitation projects. The 80% grant funding assumption is based on past experience but will be reviewed each year to reflect current experience. All projects have been reviewed and rated essential for the continued operation of the District and the timing of each project balances the operational need for the project with the availability of staff resources to complete the project in a timely fashion.

Alternative Capital Revenue Assumption Scenarios

Historically, the ten-year capital projections assume 80% grant funding for major Bridge projects (See table on the following page for a list of projects). This report continues the assumption that the Seismic Project receives 80% grant funding. The Board requested an analysis on what the size of the resource need would be if less grant funding were obtained for these Capital projects. The following is a summary of the results:

Capital Revenue Assumption Scenarios (In Millions)	10-Year Resource Need	Variance from 80% Funding Level
Grant Funding Level 80%	\$ 686	\$ 0
Grant Funding Level 70%	\$ 784	\$ 98
Grant Funding Level 50%	\$ 979	\$ 293

Below are the current Bridge projects that assume approximately 80% of grant funding.

BRIDGE DIVISION
(All numbers in millions)

Capital Project Detail	10 - Year Total
Bridge Seismic Retrofit: Construction	\$946
Paint/Erosion Rehabilitation: N. Tower Paint Rehab	\$30
Bridge Access Systems: South Approach & Security System	\$5
Improvements: Toll Plaza Administration Building Rehab	\$3

V. Next Steps

In June 2024, the Board of Directors approved a Strategic Plan for the District. This plan has established some financial initiatives which will serve as a work plan for staff to assist to balance the District's finances over the long term.

Fiscal Impact

There is no direct fiscal impact. The report provides a ten-year projection of the potential fiscal impact of the current policy.

- Appendices:**
- A. Projection and Revenue Detail
 - B. Assumptions
 - C. Ten-Year Capital Plan Projection
 - D. Capital Contribution Calculation
 - E. Reserve Structure

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Appendix A
Golden Gate Bridge, Highway & Transportation District Operating Budget Projection
Five-Year and Ten-Year Financial Projections FY 25/26 - FY 34/35
All Figures Rounded to (\$000)

80% Grant Funded

	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Total
	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>	<u>FY 2033</u>	<u>FY 2034</u>	<u>FY 2035</u>	<u>5 Year</u>	<u>10 Year</u>
	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>	<u>Estimate</u>
Agency Expense:												
Salaries	\$ 89,964	\$ 93,233	\$ 95,284	\$ 97,380	\$ 99,523	\$ 101,712	\$ 103,950	\$ 106,237	\$ 108,574	\$ 110,963	\$ 475,384	\$ 1,006,819
Fringe Benefits (Incl PR Taxes)	\$ 80,680	\$ 83,523	\$ 86,883	\$ 91,674	\$ 94,754	\$ 97,884	\$ 101,466	\$ 105,206	\$ 109,114	\$ 113,198	\$ 437,516	\$ 964,383
Professional Services	\$ 37,779	\$ 38,610	\$ 39,459	\$ 40,327	\$ 41,215	\$ 42,121	\$ 43,048	\$ 43,995	\$ 44,963	\$ 45,952	\$ 197,390	\$ 417,469
Fuel & Related Taxes	\$ 10,770	\$ 11,007	\$ 11,249	\$ 11,497	\$ 11,750	\$ 12,008	\$ 12,272	\$ 12,542	\$ 12,818	\$ 13,100	\$ 56,273	\$ 119,015
Repair & Operating Supplies	\$ 11,816	\$ 12,075	\$ 12,341	\$ 12,613	\$ 12,890	\$ 13,174	\$ 13,464	\$ 13,760	\$ 14,062	\$ 14,372	\$ 61,735	\$ 130,566
Insurance, Taxes & Permits	\$ 10,579	\$ 10,812	\$ 11,050	\$ 11,293	\$ 11,542	\$ 11,796	\$ 12,055	\$ 12,320	\$ 12,591	\$ 12,868	\$ 55,276	\$ 116,907
Purchased Transportation	\$ 1,664	\$ 1,700	\$ 1,738	\$ 1,776	\$ 1,815	\$ 1,855	\$ 1,896	\$ 1,937	\$ 1,980	\$ 2,024	\$ 8,693	\$ 18,385
Staff Development	\$ 1,441	\$ 1,473	\$ 1,505	\$ 1,538	\$ 1,572	\$ 1,607	\$ 1,642	\$ 1,678	\$ 1,715	\$ 1,753	\$ 7,530	\$ 15,926
Leases & Rentals	\$ 1,169	\$ 1,194	\$ 1,221	\$ 1,247	\$ 1,275	\$ 1,303	\$ 1,332	\$ 1,361	\$ 1,391	\$ 1,421	\$ 6,106	\$ 12,914
Debt Service-Interest Expense	\$ 2,946	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 2,135	\$ 11,486	\$ 22,161
Depreciation	\$ 24,686	\$ 28,502	\$ 29,076	\$ 31,713	\$ 36,002	\$ 35,249	\$ 35,964	\$ 35,453	\$ 36,347	\$ 36,347	\$ 149,978	\$ 329,338
Sub-Total Expense	\$ 273,494	\$ 284,265	\$ 291,942	\$ 303,195	\$ 314,472	\$ 320,845	\$ 329,223	\$ 336,625	\$ 345,691	\$ 354,132	\$ 1,467,368	\$ 3,153,884
Capital Contribution	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 21,000	\$ 105,000	\$ 210,000
Total Expense	\$ 294,494	\$ 305,265	\$ 312,942	\$ 324,195	\$ 335,472	\$ 341,845	\$ 350,223	\$ 357,625	\$ 366,691	\$ 375,132	\$ 1,572,368	\$ 3,363,884
Total Operating Revenue	\$ 283,055	\$ 253,449	\$ 262,573	\$ 268,301	\$ 268,447	\$ 268,526	\$ 268,553	\$ 268,542	\$ 268,502	\$ 268,441	\$ 1,335,826	\$ 2,678,389
Total Net Surplus/(Deficit)	\$ (11,439)	\$ (51,816)	\$ (50,368)	\$ (55,894)	\$ (67,025)	\$ (73,319)	\$ (81,670)	\$ (89,083)	\$ (98,189)	\$ (106,692)	\$ (236,542)	\$ (685,494)
Bridge Expense	\$ 122,490	\$ 126,292	\$ 129,270	\$ 133,346	\$ 139,914	\$ 142,542	\$ 148,197	\$ 151,108	\$ 154,646	\$ 157,700	\$ 651,312	\$ 1,405,504
Transit Expense	\$ 172,004	\$ 178,973	\$ 183,672	\$ 190,849	\$ 195,558	\$ 199,303	\$ 202,026	\$ 206,518	\$ 212,045	\$ 217,433	\$ 921,056	\$ 1,958,380

Appendix A
Golden Gate Bridge, Highway & Transportation District Operating Budget Projection
Five-Year and Ten-Year Financial Projections FY 25/26 - FY 34/35

Revenue Detail
All Figures Rounded to (\$000)

<u>Revenue Categories</u>	Year 1	Year 2	Year 3	Year 4	Year 5	Year 6	Year 7	Year 8	Year 9	Year 10	Total	Total
	<u>FY 2026</u> <u>Estimate</u>	<u>FY 2027</u> <u>Estimate</u>	<u>FY 2028</u> <u>Estimate</u>	<u>FY 2029</u> <u>Estimate</u>	<u>FY 2030</u> <u>Estimate</u>	<u>FY 2031</u> <u>Estimate</u>	<u>FY 2032</u> <u>Estimate</u>	<u>FY 2033</u> <u>Estimate</u>	<u>FY 2034</u> <u>Estimate</u>	<u>FY 2035</u> <u>Estimate</u>	<u>5 Year</u> <u>Estimate</u>	<u>10 Year</u> <u>Estimate</u>
Bridge Tolls	\$ 167,984	\$ 177,798	\$ 187,733	\$ 196,432	196,432	\$ 196,432	\$ 196,432	\$ 196,432	\$ 196,432	\$ 196,432	\$ 926,379	\$ 1,908,540
Transit Fares	22,571	23,570	24,450	24,824	25,109	25,325	25,489	25,612	25,705	25,775	120,524	248,430
Investment Income	9,426	6,188	3,346	-	-	-	-	-	-	-	18,961	18,961
Other (Incl Adv. & Leases)	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	4,664	23,322	46,643
RM2/RM3 Local funding	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	2,874	14,370	28,739
SB125	38,300	-	-	-	-	-	-	-	-	-	38,300	38,300
Local Funds (MCTD Contract)	12,221	12,587	12,965	12,965	12,965	12,965	12,965	12,965	12,965	12,965	63,701	128,523
Federal/State/Local Funds	<u>25,016</u>	<u>25,769</u>	<u>26,542</u>	<u>26,542</u>	<u>26,403</u>	<u>26,266</u>	<u>26,130</u>	<u>25,995</u>	<u>25,862</u>	<u>25,730</u>	<u>130,271</u>	<u>260,253</u>
Total Operating Revenue	\$ 283,055	\$ 253,449	\$ 262,573	\$ 268,301	\$ 268,447	\$ 268,526	\$ 268,553	\$ 268,542	\$ 268,502	\$ 268,441	\$ 1,335,826	\$ 2,678,389
Bridge Revenue	\$ 177,907	\$ 184,484	\$ 191,576	\$ 196,930	\$ 196,930	\$ 196,930	\$ 196,930	\$ 196,930	\$ 196,930	\$ 196,930	\$ 947,828	\$ 1,932,477
Transit Revenue	\$ 105,148	\$ 68,965	\$ 70,997	\$ 71,371	\$ 71,517	\$ 71,596	\$ 71,623	\$ 71,612	\$ 71,572	\$ 71,510	\$ 387,998	\$ 745,911

Appendix B

Golden Gate Bridge, Highway and Transportation District Five- and Ten-Year Financial Projection for FY 25/26 – FY 34/35

CATEGORY ASSUMPTIONS

Operating Revenue

General Assumption: The FY 24/25 Budgeted amounts have been used as the basis for all revenue and expense projections.

Bridge Tolls

In FY23-24, southbound traffic increased by 2.4% from the previous fiscal year. The FY24/25 Adopted Budget projects southbound traffic will increase by 1.8% from the previous fiscal year. Moving beyond this fiscal year, the projection assumes an additional 120,000 annual southbound crossings for FY25/26 – FY27/28 (i.e., approximately 0.7% annual increases). The projection fixes this level of southbound traffic (17.4 million southbound crossings) for the remainder of the projection period (FY28/29– FY34/35). The adopted toll rate for most motorists is an increase of \$0.50 per year FY24/25 – FY28/29. Prior to the COVID pandemic, there was a long-term trend of decreases in southbound crossings. This projection provides an offset to this long-term trend with potential increases in southbound traffic coming out of the COVID pandemic before flattening out.

Bus Transit

In FY23-24, bus ridership increased by 9.5% from the previous fiscal year. The FY24/25 Adopted Budget projects bus ridership will increase by 2.9% from the previous fiscal year. Moving beyond this fiscal year, the projection assumes moderate growth averaging 2.3% annually between FY25/26 – FY27/28, while bus ridership growth for FY28/29 and beyond averages around 0.6% annually. Transit fare increases are assumed through FY27/28 in accordance with the adopted transit fare policy. Prior to the COVID pandemic, there was a long-term trend of decreases in transit ridership. This projection provides an offset to this long-term trend with potential increases in transit ridership coming out of the COVID pandemic before flattening out.

Ferry Transit

In FY23-24, ferry ridership increased by 23.0% from the previous fiscal year. The FY24/25 Adopted Budget projects ferry ridership will be flat from the previous fiscal year. Moving beyond this fiscal year, the projection assumes moderate growth averaging 3.0% annually between FY25/26 – FY27/28, while ferry ridership growth for FY28/29 and beyond averages around 0.8% annually. Transit fare increases are assumed through FY27/28 in accordance with the adopted transit fare policy. Prior to the COVID pandemic, there was a long-term trend of decreases in transit ridership. This projection provides an offset to this long-term trend with potential increases in transit ridership coming out of the COVID pandemic before flattening out.

Local Funds

The District continues to maintain the inter-agency agreement with Marin Transit for local fixed route bus service. This agreement has a range of potential amounts that the District can anticipate annually. At this time, it is anticipated that Marin Transit will purchase an additional 75,000 revenue hours annually, and thus the high estimates for revenues are used through FY27/28 and fixed out through the remainder of the projection period. This projection assumes Marin Transit contract revenue at the same level of service. The amount of RM2/RM3 budgeted in FY24/25 remains constant through the 10-year projection.

State Funding

For State Transit Assistance (STA) and Transportation Development Act (TDA), the estimate is based on data provided by the Metropolitan Transportation Commission (MTC) and industry trends. MTC projects STA annual growth at ~2.7% through 2028. Beyond FY27/28, the District anticipates STA revenues level off and begin to decline due to electric vehicle adoption. All other inputs (population, revenue, and service shares) are held constant. For TDA, MTC projects a ~2.7% through 2028. Beyond FY27/28, the District anticipates TDA revenues will remain flat throughout the remainder of the projection. Funding associated with Senate Bill 125 (approximately \$38.3M) is assumed in FY25/26.

Appendix B

Golden Gate Bridge, Highway and Transportation District Five- and Ten-Year Financial Projection for FY 25/26 – FY 34/35

CATEGORY ASSUMPTIONS

Federal Funding

The District received approximately \$287.9M in one-time Federal COVID relief funding that was exhausted by the end of FY23/24. Thus, it is assumed that no one-time Federal COVID relief funding will be used in this projection.

Investment Income

Interest on investment is projected based on the estimated investment portfolio balance and associated interest growth rates.

Other Revenue

Other Revenue is based on the amount budgeted in FY24/25, which is used as the projection for the following 10 years.

Operating Expense

Position Vacancies

The FY24/25 Adopted Budget assumed that some approved positions would remain vacant for the fiscal year. This projection assumes those vacancies will continue for the period of the projection.

CPI Rates

Projected CPI rates are based on projections provided by the Congressional Budget Office (CBO). Projected rates for 2026 – 2034 was 2.2% annually.

Salaries

Salary increases for Coalition and Non-Represented employees are based on approved increases for FY24/25 – FY26/27. Beyond FY26/27, CPI rate projections are used to estimate increases in salaries for the remaining years of the projection. Salary increases for Bus Operators are based on current negotiated increases for FY24/25. Beyond FY24/25, CPI rate projections are used to estimate increases in salaries for the remaining years of the projection.

Pension

PERS Pension (Employer Responsibility) is based on CalPERS actuarial estimates of 35.3%, 34.5%, 35.0%, 37.2%, 36.9% and 36.5% for the years FY25/26 through FY30/31 respectively. This projection assumes that the pension percentage rate continues to remain flat for the years of FY 30/31 - FY 34/35. This projection assumes that the ATU pension rate (34.5%) continues to remain flat for the years of FY25/26-FY34/35. IBU & MEBA pension rates (23.15% and 16.6% respectively) continue to remain flat for the years of FY25/26-FY34/35.

Medical Insurance

The projection assumes increase of 5.3% - 6.6% for the years FY25/26 – FY31/32 based the Center for the Medicare/Medicaid Office of the Actuary projections for Health Insurance increases. This projection assumes that pension percentage rate continues to remain flat for the years of FY 32/33 - FY 34/35.

OPEB

The projection assumes a 3.0% annual increase over the 10-year projection.

Workers' Compensation

Workers' Compensation is based on five-year average (FY19/20 – FY23/24) and are projected to increase based on CPI rates.

Appendix B

Golden Gate Bridge, Highway and Transportation District Five- and Ten-Year Financial Projection for FY 25/26 – FY 34/35

CATEGORY ASSUMPTIONS

Debt Service Payment

The projection assumes debt services expenses between \$2.1 million - \$2.9 million annually based on outstanding commercial paper balance and associated interest rates (between 3.5% and 4.8% for FY25/6 – FY34/35).

All other expenses not mentioned above

The projection assumes the use of CPI-U projected rates of inflation from CBO.

Depreciation

The projection assumes a depreciation schedule that is based on the completion dates assumed in the 10-year Capital Plan.

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Appendix C
Golden Gate Bridge, Highway and Transportation District
Five-Year and Ten-Year Financial Projections FY 25/26 - FY 34/35

		10-Year Projected Capital Need (\$000)											Total 10-Year Projected Capital Need	Total Capital Plan
	FY24 & Prior Years	FY25 Budget	Year 1 FY2026	Year 2 FY2027	Year 3 FY2028	Year 4 FY2029	Year 5 FY2030	Year 6 FY2031	Year 7 FY2032	Year 8 FY2033	Year 9 FY2034	Year 10 FY2035		
BRIDGE DIVISION														
<i>Grant Funded</i>	123,270	9,834	161,268	177,867	170,150	282,110	18,650	14,900	6,100	2,500	2,500	2,500	838,545	971,649
<i>District Funded</i>	84,048	12,810	70,570	78,654	50,357	82,942	26,190	22,650	9,942	6,550	6,550	6,500	360,905	457,762
TOTAL	207,318	22,643	231,838	256,521	220,507	365,052	44,840	37,550	16,042	9,050	9,050	9,000	1,199,450	1,429,411
BUS DIVISION														
<i>Grant Funded</i>	3,881	5,722	48,649	54,357	41,567	17,657	28,200	36,219	8,000	3,200	-	-	237,849	247,452
<i>District Funded</i>	9,295	3,962	16,628	13,921	10,662	4,572	7,400	9,485	2,350	1,150	350	350	66,867	80,125
TOTAL	13,176	9,684	65,277	68,278	52,229	22,229	35,600	45,704	10,350	4,350	350	350	304,716	327,577
FERRY DIVISION														
<i>Grant Funded</i>	13,213	4,432	47,211	32,956	76,208	58,931	39,154	22,053	27,600	30,800	23,200	10,400	368,513	386,158
<i>District Funded</i>	13,945	4,957	19,793	15,587	27,483	14,668	9,863	5,588	6,975	7,775	5,875	2,675	116,283	135,186
TOTAL	27,158	9,389	67,004	48,544	103,691	73,599	49,017	27,641	34,575	38,575	29,075	13,075	484,796	521,343
DISTRICT DIVISION														
<i>Grant Funded</i>	944	50	800	1,644	800	-	-	-	-	-	-	-	3,244	4,238
<i>District Funded</i>	8,103	4,061	10,237	7,858	6,001	2,990	2,620	2,840	4,400	4,150	1,150	1,400	43,646	55,809
TOTAL	9,046	4,111	11,037	9,502	6,801	2,990	2,620	2,840	4,400	4,150	1,150	1,400	46,890	60,047
ACROSS ALL DIVISIONS														
<i>Grant Funded</i>	141,307	20,037	257,927	266,824	288,726	358,698	86,004	73,172	41,700	36,500	25,700	12,900	1,448,151	1,609,495
<i>District Funded</i>	115,391	25,790	117,229	116,019	94,502	105,172	46,073	40,563	23,667	19,625	13,925	10,925	587,701	728,882
GRAND TOTAL	256,698	45,828	375,156	382,844	383,228	463,870	132,077	113,735	65,367	56,125	39,625	23,825	2,035,852	2,338,378

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Appendix D
Golden Gate Bridge, Highway and Transportation District
Five-Year and Ten-Year Financial Projections FY 25/26 - FY 34/35

CAPITAL CONTRIBUTION REQUIRED TO FUND PROJECTED CAPITAL PLAN - Assumes Bridge Capital is 80% Grant Funded

All Figures Rounded to (\$000)

	Year 1 <u>FY 2026</u> Estimate	Year 2 <u>FY 2027</u> Estimate	Year 3 <u>FY 2028</u> Estimate	Year 4 <u>FY 2029</u> Estimate	Year 5 <u>FY 2030</u> Estimate	Year 6 <u>FY 2031</u> Estimate	Year 7 <u>FY 2032</u> Estimate	Year 8 <u>FY 2033</u> Estimate	Year 9 <u>FY 2034</u> Estimate	Year 10 <u>FY 2035</u> Estimate	Total 5 Year Estimate	Total 10 Year Estimate
DISTRICT	\$117,229	\$116,019	\$94,502	\$105,172	\$46,073	\$40,563	\$23,667	\$19,625	\$13,925	\$10,925	\$478,996	\$587,701
GRANTS	<u>257,927</u>	<u>266,824</u>	<u>288,726</u>	<u>358,698</u>	<u>86,004</u>	<u>73,172</u>	<u>41,700</u>	<u>36,500</u>	<u>25,700</u>	<u>12,900</u>	<u>1,258,179</u>	<u>1,448,151</u>
TOTAL	\$375,156	\$382,844	\$383,228	\$463,870	\$132,077	\$113,735	\$65,367	\$56,125	\$39,625	\$23,825	\$1,737,175	\$2,035,852
District Portion Of the Capital Requirement	\$117,230	\$116,020	\$94,500	\$105,170	\$46,070	\$40,560	\$23,670	\$19,630	\$13,930	\$10,930	\$478,990	\$587,710
Total Depreciation Included in the Budget	24,686	28,502	29,076	31,713	36,002	35,249	35,964	35,453	36,347	36,347	149,978	329,338
Additional Capital Contribution Required to Fund Projected Capital Plan	92,544	87,518	65,424	73,457	10,068	5,311	(12,294)	(15,823)	(22,417)	(25,417)	329,012	258,372
Average of the 10 Year Capital Contribution	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$25,800	\$129,000	\$ 258,000

Re-Stated: Fund District Capital through Reserves	<u>FY 2026</u>	<u>FY 2027</u>	<u>FY 2028</u>	<u>FY 2029</u>	<u>FY 2030</u>	<u>FY 2031</u>	<u>FY 2032</u>	<u>FY 2033</u>	<u>FY 2034</u>	<u>FY 2035</u>	<u>Year 1 - 5</u>	<u>Year 1 - 10</u>
District Funded Capital Projects net of Depreciation	\$92,500	\$87,500	\$65,400	\$73,500	\$10,100	\$5,300	(\$12,300)	(\$15,800)	(\$22,400)	(\$25,400)	\$329,000	\$ 258,000
Use Reserves to Fund District Projects*	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>4,800</u>	<u>24,000</u>	<u>48,000</u>
Additional Capital Contribution Required to Fund Projected Capital Plan with Reserves	87,700	82,700	60,600	68,700	5,300	500	(17,100)	(20,600)	(27,200)	(30,200)	305,000	210,000
Average of the 10 Year Capital Contribution	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	21,000	105,000	\$ 210,000

* In 2003 the Board authorized capital contribution from operations to fund future capital projects. In 2008 the Board instructed staff to assume spending all reserves except those that are restricted or set aside by the Board. This projection assumes \$48 million in capital contribution reserves will be released to fund capital projects during this 10-year projection period. \$4.8 million per year will be released from unrestricted reserves. Thus, the capital contribution remains at \$21 million per year. The \$21 million is distributed to each Division according to its percentage share of District Funded capital projects. The annual capital contribution amount is calculated by taking the sum of the District funded portion of the capital program, less net depreciation, for ten years divided by ten years and rounded to the nearest million. The District continues to limit use of reserve funds to other projects until the full funding plan for the final project cost for the seismic retrofit of the bridge is complete.

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Appendix E
GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT
NET POSITION AVAILABLE FOR NEW CAPITAL PROJECTS OR OPERATIONS - FY 24/25 BUDGET

Category	Estimated Balance 7/1/2024
Available Net Position before Long Term Deferred Outflows, Liabilities, Deferred Inflows, Board Designated Reserves and Other Reserves (Note 1)	\$ 141,300,000
Long Term Deferred Outflows, Liabilities, Deferred Inflows (Note 2)	
CalPERS Retirement Pension Deferred Outflows, Deferred Inflows & Liability	\$ 82,600,000
Golden Gate Transit Amalgamated Retirement Pension Deferred Outflows, Liabilities & Deferred Inflows	114,300,000
District Other Post Employment Benefits (OPEB) Deferred Outflows, Liabilities & Deferred Inflows	54,200,000
Subtotal: Long Term Deferred Outflows, Liabilities & Deferred Inflows	\$ 251,100,000
Available Net Position before Board Designated Reserves and Other Reserves	\$ 392,400,000
Fiscal Year 2024 Board Designated Reserves and Other Reserves	
Operating Reserve (Note 3)	\$ (20,500,000)
Emergency Reserve (Note 4)	(9,600,000)
Bridge Self Insurance Loss Reserve (Note 5)	(23,700,000)
Subtotal: Fiscal Year 2024 Board Designated Reserves and Other Reserves	\$ (53,800,000)
Net Position (Reserves) Available Before Committed Capital Projects	\$ 338,600,000
Fiscal Year 2024 Committed Capital Projects (District-funded portion only):	
Bridge	\$ (17,300,000)
Transit	(8,800,000)
Subtotal: Fiscal Year 2024 Total Committed Capital Projects (District-funded portion only)	\$ (26,100,000)
Net Position Available for New Capital Projects or Operations as of 6/30/24	\$ 312,500,000
Category	Estimated Balance 7/1/2025
Beginning Net Position Available for New capital Projects or Operations	\$ 312,500,000
Add Budgeted net Income/Loss for Fiscal Year 2025 (Note 7 & 8)	\$ 37,700,000
Available Net Position before Board Designated Reserves and Other Reserves	\$ 350,200,000
Change in Fiscal Year 2025 Board Designated Reserves and Other Reserves	
Change in Operating Reserve (Note 6 & 9)	\$ 900,000
Change in Emergency Reserve (Note 10)	\$ 500,000
Change in Bridge Self Insurance Loss Reserve (Note 11)	\$ (1,300,000)
Subtotal: Change in Fiscal Year 2025 Board Designated Reserves and Other Reserves	\$ 100,000
Net Position (Reserves) Available Before Committed Capital Projects	\$ 350,300,000
Fiscal Year 2025 Committed Capital Projects (District Funded Portion Only)	
Bridge	\$ (243,100,000)
Transit	\$ (57,400,000)
Subtotal: Fiscal Year 2025 Committed Capital Projects (District Funded Portion Only)	\$ (300,500,000)
Net Position Available for New Capital Projects or Operation as of 6/30/25	\$ 49,800,000

NOTES:

1. Adjusted to exclude funded Capital Reserve Contributions, Bridge Self-Insurance reserves and restricted Local, State and Federal grant funds for capital projects. Also reflects the FY 2023 budget being balanced due to the infusion of Federal CRRSAA & ARPA monies.
2. In 2015 and 2018, the District restated its Net Position as a result of the new reporting requirements of GASB 68: Accounting and Financial Reporting for Pensions and GASB 75: Accounting and Financial Reporting for Post-employment Benefits Other than Pensions respectively. GASB 68 requires agencies to report the deferred outflows, net pension liabilities and deferred inflows on the financial statements even in cases whereas the agency is not legally responsible for them. The District is not legally responsible for the Golden Gate Transit Amalgamated Retirement Plan.
3. Board Policy funds the operating reserve at 7.5% of budget or to cover the expected operating deficit, whichever is larger.
4. Board Policy funds the emergency reserve at 3.5% of the operating budget to enable the amount kept in reserve for emergencies to remain relative to the size of the District's operations.
5. The Bridge Self-Insurance Reserve (BSIR) was created by the Board in FY 05/06. The BSIR was intended to be built up to \$25 million and would be used to offset the need to insure the loss of toll revenue in the event of an emergency.
6. To fund reserves to required contribution levels, additional contributions will be made.
7. Appendix A assumes, as does the rest of the document, that the staff and Board will balance the budget before the year's end.
8. FY 24/25 budgeted net operating income/loss is adjusted to exclude funded capital contributions, Bridge self-insurance reserves, restricted Local, State and Federal grant funds for capital projects and depreciation.
9. Change in Operating Reserve is calculated by multiplying FY 24/25's operating budget with 7.5% less FY
10. Change in Emergency Reserve is calculated by multiplying FY 24/25's operating budget with 3.5% less FY
11. Change in Bridge Self-Insurance Loss Reserve is calculated by subtracting FY 23/24's reserve from FY