



Agenda Item No. (4)

To: Rules, Policy and Industrial Relations Committee/Committee of the Whole  
Meeting of December 19, 2024

From: Joseph M. Wire, Auditor-Controller  
Kellee J. Hopper, Deputy General Manager, Administration and Development  
Denis J. Mulligan, General Manager

Subject: **APPROVE ACTIONS RELATIVE TO SUCCESSION PLANNING OF THE  
NEW CFO/AUDITOR CONTROLLER**

### **Recommendation**

The Rules, Policy and Industrial Relations Committee (Committee) recommends that the Board of Directors (Board) approve the following actions relative to succession planning of the new CFO/Auditor Controller: separate the current Budget and Electronic Revenue Collection Department into two distinct departments, approve reclassifying two positions to lead those departments, and approve changes to the Table of Organization:

1. Amend the Table of Organization to separate the current Budget & Electronic Revenue Collection Department into two departments: Budget and Financial Analysis Department and Tolls and Electronic Revenue Operations Department;
2. Reclassify the Director of Budget and Electronic Revenue Collection position to the position of Director of Budget and Financial Analysis with an annual compensation range of \$176,155 to \$212,867, not including benefits;
3. Reclassify the vacant Electronic Revenue Operations Program Manager position to the Director of Tolls and Revenue Operations with an annual compensation range of \$176,155 to \$212,867, not including benefits; and,
4. Adjust the Operating Budget and Table of Organization accordingly.

This matter will be presented to the Board of Directors at its December 20, 2024 meeting for appropriate action.

### **Background: Budget and Electronic Revenue Collection Department**

The Budget and Electronic Revenue Collection Department has been in place for 20 years and has had the same Director for that time. At its last meeting, the Board selected that individual to be the new CFO/Auditor Controller. The two distinct sections of the department have evolved

substantially over the years and now are each their own specialty and separate from other. They require unique skills in their staff and management to be successful. For years, District staff have been aware that if the incumbent manager were to vacate the position a replacement would not be available the current department would need to be split into two. The current incumbent in the Director of Budget and Electronic Revenue Program has had the extremely unique opportunity to learn the skills related to these two diverse functions over 20 years of on-the-job learning. That position currently has a salary range of \$209,331 to \$254,446 per year, not including benefits.

Staff has determined that it is very unlikely to find another uniquely qualified person to fill the current job. This proposal puts in place a realistic path to successfully achieve long-term leadership for these two key functions at the District and updates each Department name to better describe the additional and evolved responsibilities in these Departments.

### ***Budget Department***

The Budget section of the Department was created to develop the annual budget, monitor the operating budget, create the annual 5 & 10-year financial projections, develop and monitor the strategic plans, and provide financial analysis support on all other ongoing District projects, programs, and decisions. It has evolved into performing a variety of high level analytical tasks as they relate to revenues, fares, and expenses including being responsible for the overall budget process, develop data analytics and program manage the process for the 5-year toll program increase the 5-year transit fare program increase. The budget staff has supported the CFO over the years with ad hoc work on financial and operational data that include creating of the Marin Transit Cost Model, the bus and ferry cost models, Short Range Transit Plan (SRTTP) data, union negotiation scenarios, TDA/STA submittals, and supporting data for the fiscal impact sections for all board items. During the last five years, the office been responsible for developing assumptions and creating projections to support the receipt of Federal one-time funding and developing financial models to determine the future financial health and operational capability of the District's operations.

### ***Electronic Revenue Collection Section***

The Electronic Revenue Collection section of the Department was created to oversee the administration and contactors that operated the District's toll collection program. Shortly thereafter, the regional coordination and local implementation and operation of the Clipper electronic fare collection program was added to the section's workload. The Electronic Revenue Collection section of the Department has evolved dramatically in the last 20 years. It now manages over \$10 million in systems and consulting contracts that collected over \$160 million in revenue. Major increases in program complexity came with the creation, and implementation of the All Electronic Tolling (AET) in 2013 and state and federal laws requiring interoperability between toll facilities. This section is responsible for day-to-day operations of the tolling system on the Golden Gate Bridge but also for representing the District with respect to regional/state/national toll policies. The day-to-day operation includes leading the problem solving teams for both the hardware and software issues associated with toll and fare collection, revenue projections for tolling, data mining and operation problem solving to ensure the systems are accurately collecting revenue, ensuring the operations of toll and fare collection run smoothly, coordination with the Bay Area Toll Authority (BATA) on processing of toll collection and MTC on fare collection, legislative policy analysis for tolling (both statewide and national), complex customer service

resolution, and project managing new software and hardware for the constant upgrades required to maintain the modernization of the electronic systems.

The staff is also responsible for coordinating District needs associated to the Clipper fare collection system which includes day to day coordination with operations staff from both Bus and Ferry Divisions to ensure service from the contractor, rate changes, operating policy changes, regional policy and system changes, implementing software upgrades, and project managing new additions to the system, such as Ticket Vending Machines or District service changes Tiburon, Angel Island, special event service. In addition, the ERC office handles the District's electronic parking systems, implementation, upgrades and coordination with operating divisions on operations issues.

### **Summary**

As mentioned, the diverse nature of the work and the unique technical skills need by each sections' staff, has meant that the two units have little overlap and have each evolved into their own "department." Given the expansion of duties and the extreme separation of skills, it has become very difficult to have the two programs managed by the same individual even the individual that built the two departments. This proposal will provide a Director level position to manage each of these activities. The previous Director of Budget & Electronic Revenue Collection, now CFO/Auditor Controller would be available to provide training and direction to these programs during what is likely to be a long transition period of training and skills development.

### ***Recommended Change in Budget Office Staffing***

The recommended change in the budget office would reclassify the Director of Budget and Electronic Revenue Collection to Director of Budget and Financial Analysis. The recommendation would keep the budget office at the currently budgeted four positions. This position would continue the current responsibilities this role has performed for the District including leading the Budget process, strategizing on fiscal issues, implementing financial projects, toll and fare programs, and being the keeper of budget policies. It is also envisioned that this position, and the new Budget and Fiscal Analysis Department, would begin cross training with the Director of Fiscal Resources to become knowledgeable and eventually transition most of those programs to this Department which include administering and operating the OPEB Trust program, administering the commercial paper program, being the District representative and expert on all the District's pension programs, managing the deferred compensation program, and the fiscal resource for all the medical benefit programs. The formation of this department would allow the District to implement a plan during the next one to two years to smoothly transition these programs. Given the diverse nature and long cycle of many of these programs, it is imperative to have a long-term training plan for succession planning of the current incumbent whose current back up is the departing Auditor-Controller. It is envisioned that the Director of Fiscal Resources position will not be replaced when the incumbent retires and that the Director of Budget and Financial Analysis and its department will absorb most the programs with remainder transferred to other departments in the Finance Office.

### ***Recommended Change in Electronic Revenue Collection Staffing***

Currently the ERC Office has four budgeted positions. Those would remain under the recommendation. However, the proposal would reclassify an existing vacant Electronic Revenue Operations Manager to be the Director of Tolls and Revenue Operations.

**Fiscal Impact**

This recommendation does not add any new positions but reclassifies two positions one of those to a new Director level position. The total annual fiscal impact for the recommended actions is estimated to be \$33,000 - \$42,000, including payroll and fringes. Requisite funds in this amount will be funded with salary savings from unfilled positions in the applicable Division's FY 24/25 Operating Budget and will be budgeted accordingly in future budget years.