



Agenda Item No. (6)(A)

**REPORT OF THE GENERAL MANAGER
BOARD OF DIRECTORS
MEETING OF DECEMBER 20, 2024**

The Honorable Board of Directors
Golden Gate Bridge, Highway and Transportation District

Honorable Members:

UPDATE ON TRAVEL IN THE GOLDEN GATE CORRIDOR

Travel in the Golden Gate Corridor by Bridge, bus and ferry remains well below pre-pandemic levels. That having been said, travel in the Golden Gate Corridor continues to trend upward.

In October 2024, southbound Bridge traffic was 3 percent above October 2023 traffic, Bus ridership was 8 percent above October 2023, and Ferry ridership was 18 percent above October 2023 ridership. The District continues to add back bus and ferry service incrementally as we see a return of our customers travelling in the Golden Gate Corridor.

Bridge tolls are the District's largest funding source, so Bridge traffic levels are particularly important to the District's financial health. Recently, commute Bridge traffic (weekdays from 5:00 – 9:00 a.m. southbound) continues to average about 25 percent below 2019 commute traffic, which contributes greatly to the District's financial challenges.

FEDERAL TRANSIT ADMINISTRATION (FTA) GRANTS AT RISK

On October 24, 2024, the United States Court of Appeals for the Ninth Circuit issued a mandate, putting into effect its July 29 judgment, which remanded *ATU International v. USDOL* to the United States District Court for the Eastern District with direction to dismiss the case for lack of jurisdiction.

As expected, the District Court processed the Appellate Court's mandate and vacated the District Court's injunction. This injunction had protected the flow of federal transit grants to California transit agencies subject to California's Public Employees' Pension Reform Act (PEPRA). That protection is now gone, and California transit agencies may again see their federal transit grants withheld prospectively, if subject to PEPRA-based objections by the unions representing its transit employees.

Staff is working with the California Transit Association (CTA) to respond to the threat to federal funds for California transit agencies. I will continue to update the Board on this situation as it potentially affects our access to federal transit grants.

UPDATE ON THE EFFORT TO IMPROVE THE FINANCIAL CONDITION OF THE GOLDEN GATE TRANSIT AMALGAMATED RETIREMENT PLAN (GGTARP)

District employees participate in one of four different pension plans based on their collective bargaining agreement. Current and retired District bus operators are participants in the Golden Gate Transit Amalgamated Retirement Plan (GGTARP). GGTARP is unique in many ways, including its current funding status and its governance.

Among other things, a fiscally sound approach to pensions necessitates that a retiree's ultimate pension payments are reasonably correlated to the contributions made on behalf of the participant taking into account the accompanying investment returns. Not surprisingly considering GGTARP's woefully underfunded status, GGTARP has not historically followed this approach. It has been and continues today to be an outlier among pension plans in its funding status, in its response to being woefully underfunded and in its governance.

For example, the trustees of other pension plans have established a strong correlation between the age at retirement and the monthly pension payment paid to a retiree. In other pension plans, a participant who retires early receives a lower monthly amount than they would receive with a regular pension. The monthly amount is reduced to account for the fact that the early retiree's payments begin earlier and are expected to be paid for a longer period. This is a fiscally sound approach. Please note, GGTARP does not do this.

Fortunately, some progress has been made within the last five years, including: increased contributions, replacing the Plan professionals (e.g., the attorney and plan administrator) with firms with pension experience, replacing the investment advisor who consistently underperformed both rising and falling markets, and correlating a year of pension credit to contributions received on behalf of a participant. Then on February 15, 2024, the GGTARP Trustees voted to eliminate the spousal subsidy; however, at that meeting they did not adopt the requisite tables to implement the change.

On May 16, 2024 the GGTARP met and approved a Plan amendment that revised Table D-1 factors to finalize the elimination of the spousal subsidy. Although the Plan administrator posted a copy of the Plan amendment to the GGTARP participant website, the Plan amendment does not explain to members that the spousal subsidies were eliminated, and the Plan administrator did not provide a "plain language" summary of the Plan modifications to members. Because the Trust is not subject to the same ERISA disclosure requirements as the Taft-Hartley pensions plans covering other District employees, the GGTARP Trustees would need to direct the Plan administrator to send a written explanation of the changes and their effects to GGTARP members.

Most significantly, the ATU and the District have agreed to prepare a "Rehabilitation Plan". Below is the relevant language from the MOU regarding this vital task, including the underlining as it appears in the signed Tentative Agreement:

"A pension working group composed of equal number of District GGTARP Trustees, Union GGTARP Trustees and attorneys for both sides will begin meeting immediately to discuss a rehabilitation plan to address future underfunding, akin to those required of jointly-trusteed defined benefit pension plans in "endangered or critical funding status" under the Pension Protection Act. Experts will be brought in as needed for consultation and calculations of scenarios

UPDATE ON THE EFFORT TO IMPROVE THE FINANCIAL CONDITION OF THE GOLDEN GATE TRANSIT AMALGAMATED RETIREMENT PLAN (GGTARP) (continued)

intended to bring longer term stability to the GGTARP. The District will cover the costs of any experts or consultants, and it will have the final authority to determine which expert/consultant is selected.”

The District hired an actuary, Buck, to assist the Working Group in the development of the Rehabilitation Plan. The Working Group and Buck, collectively, “the Team”, had its kick-off meeting on February 22, 2024. The Team discussed, among other ideas, the need to look at all possible strategies (funding AND benefit cuts) which would help the Plan get back to solvency. The Team is meeting regularly, and Buck has prepared projections for various scenarios to improve the Plan’s funded status.

The GGTARP Retirement Board was advised last month that the Plan's funded status continues to deteriorate. At the November 7, 2024 GGTARP Retirement Board meeting, the Plan’s Actuary, Cheiron, presented the Plan’s actuarial valuation report as of January 1, 2024.¹ The four-page Retirement Board Summary from the report is attached (a link to the full report is provided in FN1, below).

The valuation report shows that the Plan's Unfunded Actuarial Liability, which is the excess of the Plan’s Actuarial Liability over its Actuarial Value of Assets, increased from \$103.2 million on January 1, 2023 to **\$105.2 million** on January 1, 2024. The Plan’s funded ratio decreased from 48.0% as of January 1, 2023 to **47.2%** as of January 1, 2024.

Although the valuation report reflects a \$3 million decrease in benefit liability as a result of the Plan amendment to remove the spousal subsidies, it was offset by a \$4.2 million increase in benefit liability, which primarily resulted from covered employees' salaries being significantly higher than expected.

The following excerpt is from the GGTARP investment performance report presented to the GGTARP Retirement Board for the period ending September 30, 2024, which shows that the Plan’s investment returns have consistently underperformed against the benchmark.

	Market Value (\$)	% of Portfolio	3 Mo (%)	YTD (%)	1 Yr (%)	3 Yrs (%)	5 Yrs (%)	10 Yrs (%)
Total Plan	88,852,008	100.0	4.1	9.6	16.2	3.5	6.4	5.7
<i>Policy Index</i>			5.6	10.1	19.4	3.1	7.0	6.9

The GGTARP’s 10-year return of 5.7% is notably lower than the 10-year return of 8.2% reported by the District’s OPEB Investment Advisor (which the GGTARP Board could have hired) as of September 30, 2024. For a Plan with \$100 million in assets, a 2.5% lower return over a 10-year period equals approximately \$28 million in lost investment earnings.

¹ GGTARP Actuarial Valuation as of January 1, 2024, can be found on pages 30-80:
[ggtarp_meeting_no. 202_packet_11.07.2024.pdf](#)

UPDATE ON THE EFFORT TO IMPROVE THE FINANCIAL CONDITION OF THE GOLDEN GATE TRANSIT AMALGAMATED RETIREMENT PLAN (GGTARP) (continued)

Over the years the District Trustees have advocated for numerous changes to improve the financial condition of GGTARP. However, the GGTARP governance process has stymied many of these efforts, including the hiring of the subpar investment advisor. The governance process that led to GGTARP's decision to hire and stay with a subpar investment advisor (earning \$28 million less over 10 years), highlights the need for governance changes as part of efforts to provide long term solvency for our bus operators' pensions.

UPDATE DISTRICT STRATEGIC PLANNING EFFORT

On May 24, 2024, the Board adopted the 2024 Strategic Plan. The Strategic Plan contains 39 initiatives that are focused on achieving the Board's goals and as such, also serves as a work plan for staff.

In November the District made progress on *Initiative 4* when the District issued a Request for Qualifications (RFQ) to shipyards for the construction of new ferry boats. The vessel design included in the RFQ accommodates 70 bicycles on each ferry vessel. Work is also ongoing with partner agencies with respect to *Initiatives 8 and 9*; and work continues with respect to *Initiative 39* via the pension Working Group.

PRESENTATIONS BY DISTRICT STAFF FOR THE MONTH OF NOVEMBER

District staff made the following speeches and/or presentations:

PRESENTATION TO:	DATE:	PRESENTED BY:
San Francisco State University	November 8, 2024	Bridge Captain Roger Elauria
South Korean Civil Defense and Disaster Safety Training Institute	November 8, 2024	Deputy General Manager Bridge Division David Rivera and Bridge Captain Roger Elauria

SPECIAL EVENT/EXPRESSIVE ACTIVITY REQUESTS

No applications for permits were received since last reported to the Board in the November 15, 2024 Report of the General Manager:

VEHICLE TRAFFIC INCIDENTS FOR THE MONTH OF NOVEMBER

For the month of November, there were the following vehicle traffic incidents to report:

Vehicle Traffic Incident	Vehicles	Injuries	Fatalities	Location
HB – Hit Barrier	1	0	0	Plaza
HB – Hit Barrier	1	0	0	Plaza
HB – Hit Barrier	1	0	0	Plaza
HB – Hit Barrier	1	0	0	Plaza
RE – Rear Ender	2	1	0	Bridge
HB – Hit Barrier	1	1	0	Doyle
HB – Hit Barrier	1	0	0	Other
RE – Rear Ender	2	0	0	Waldo
TOTAL	10	2	0	

BICYCLE INCIDENTS FOR THE MONTH OF NOVEMBER

For the month of November, there were the following bicycle incidents to report:

Bicycle Incidents	Bicycles	Injuries	Fatalities	Location
SO - Solo	1	1	0	Bridge
SO - Solo	1	1	0	Conzelman
TOTAL	2	2	0	

FERRY BICYCLE COUNTS THROUGH THE MONTH OF NOVEMBER

Ferry Bicycle Counts through the month of November are as follows:

Larkspur Southbound Bicycle Counts	
2019 Annual Total	29,828
2020 Annual Total	7,422
2021 Annual Total	4,716
2022 Annual Total	13,312
2023 Annual Total	15,453
January - November	18,875

*The Larkspur November bicycle count was 1,324

FERRY BICYCLE COUNTS THROUGH THE MONTH OF NOVEMBER (continued)

Sausalito Southbound Bicycle Counts	
2019 Annual Total	95,590
2020 Annual Total	9,415
2021 Annual Total	8,845
2022 Annual Total	64,952
2023 Annual Total	64,852
January - November	51,465

*The Sausalito November bicycle count was 2,309

Tiburon Southbound Bicycle Counts	
2022 Annual Total	9,204
2023 Annual Total	9,481
January - November	8,666

*The Tiburon November bicycle count was 426

Angel Island Northbound Ferry Bicycle Counts	
2021 (December service start) Annual Total	39
2022 Annual Total	4,807
2023 Annual Total	4,556
January – November	3,638

*The Angel Island November bicycle count was 154

RETIREMENT OF JOSEPH M. WIRE, AUDITOR-CONTROLLER, DISTRICT DIVISION

It is my privilege to announce that Auditor-Controller Joseph Wire will retire after twenty-four years, 10 months and 28 days of service with the District on December 30, 2024.

Mr. Wire joined the District on February 7, 2000, as a Senior Financial Analyst and promoted to his current position of Auditor Controller on December 30, 2000.

Prior to District service, Mr. Wire worked at the White House, in the Executive Office of the President, as the Senior Program Examiner.

We wish Mr. Wire a long and happy retirement.

EMPLOYEE OF THE MONTH – DECEMBER 2024

After reviewing nominations submitted by District employees, the Employee of the Month Committee selected Ferry Program Manager Jennifer Doherty in the Ferry Division, as the Employee of the Month for December 2024.

Ms. Doherty is recognized for her exemplary work ethic, dedication to all Ferry projects that she works on and for her professional and collegial demeanor. Ms. Doherty participated in the Bay Ferry Six regional exercise conducted by the Ferry Division in conjunction with more than 20 first responder groups. With minimal expertise in this area she stepped in to participate, help organize and contributed to the overall success of the exercise. The exercise coordinator was impressed with her abilities and gave her well-deserved kudos, as well as to all Ferry staff. The exercise really showcased Ferry's organization, talented workforce and great management.

Of special note, her colleagues mention that Ms. Doherty is very approachable, bright and capable in her position and that she offers great insight, feedback and guidance, especially for newer employees to the District, when she has the opportunity to work with them.

Ms. Doherty joined the District on March 11, 2020, as a Ferry Operations Analyst and the position was reclassified to Ferry Program Manager on June 26, 2023. Prior to joining the District, Ms. Doherty was a Project Manager at BIOCDEX in Redwood City, CA for 10 years.

Ms. Doherty was born in Millbrae, CA and attended Notre Dame High School Belmont, CA. She completed a Bachelor of Science, BS, Business Administration Degree at Sonoma State University. She has been a resident of San Mateo, CA since 2022, where she lives with her husband Justin Doherty and with their children, daughter Riley, and sons Justin and Cole. In her spare time, she enjoys going to Lake Tahoe with her family, as well as watching her kids play sports, and coaching her daughter's volleyball team.

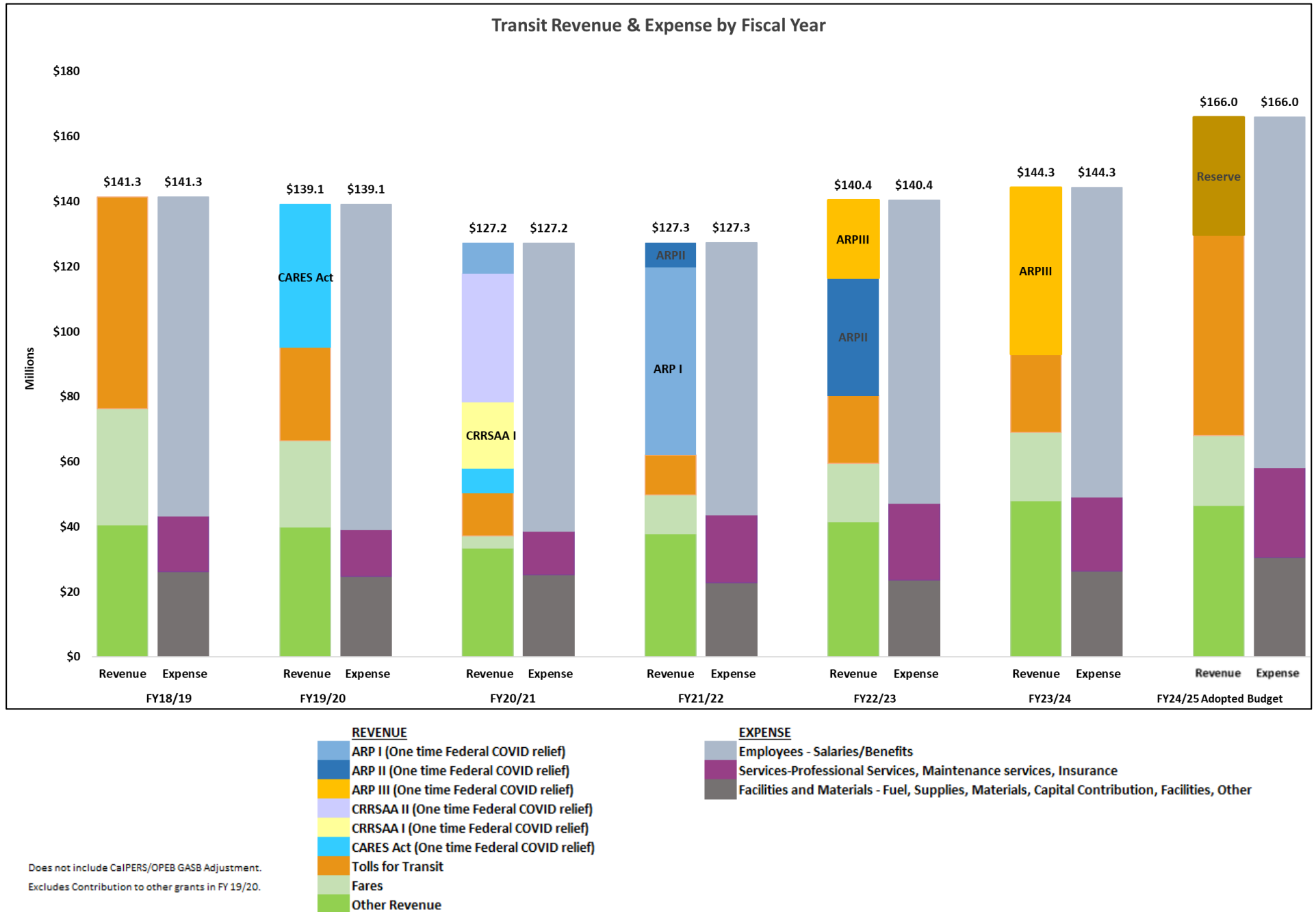
Denis J. Mulligan
General Manager

DJM:jb

Attachment: 2024-1219-FinanceComm-No6-Attachment C – Transit Funding & Expense Comparison

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