



(For Board Meeting of February 28, 2014)

SUMMARY OF RECOMMENDATIONS
MEETING OF THE FINANCE-AUDITING COMMITTEE/
COMMITTEE OF THE WHOLE
THURSDAY, FEBRUARY 27, 2014
(CHAIR J. DIETRICH STROEH)

Board Agenda Item No. 8.B.1.

Approve a program to increase tolls on the Golden Gate Bridge described as Option 4 in the February 12, 2014 Public Hearing staff report (and located on page 39 of the February 27, 2014 Finance-Auditing Committee staff report), summarized as follows:

- (1) Increase the existing Bridge toll for two-axle vehicles in the amount of \$1.00, which will result in a \$6.00 FasTrak® toll, a \$7.00 Pay-By-Plate toll, and a \$4.00 Carpool and Persons with Disabilities toll, effective April 7, 2014, with subsequent annual \$.25 increases effective July 1, 2015 through 2018;
- (2) Increase the per axle toll rate for vehicles with three or more axles in the amount of \$1.00, effective April 7, 2014, with subsequent annual \$.25 increases effective July 1, 2015 through 2018, and adjust the discount toll rate for designated SFO Airport Service accordingly;
- (3) Find that the toll increase program is exempt from the California Environmental Quality Act as it is necessary to meet operating expenses, financial reserve needs, and capital project funding requirements; and,
- (4) Amend the Master Ordinance accordingly.

Action by the Board – Ordinance

Board Agenda Item No. 8.B.2.

Approve renewal of the Marine Insurance Program, as outlined in the staff report.

Action by the Board – Resolution

GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT

ORDINANCE NO. 2014-001

**AN ORDINANCE TO AMEND THE MASTER ORDINANCE
TO INCREASE BRIDGE TOLLS**

February 28, 2014

THIS ORDINANCE is adopted with reference to the following facts and circumstances which are found and declared by the Board of Directors:

1. At the October 25, 2013 Board of Directors meeting, as a Special Order of Business, the Board of Directors reviewed the Report from the Auditor Controller and General Manager regarding the District's financial condition and the need to begin the development of a new strategic financial plan. The Board reviewed the progress made since the development of the 2009 Strategic Plan for Achieving Long Term Financial Stability, the status of the FY 13/14 Adopted Budget and District Reserves, and the process for developing a new 2013 Strategic Financial Plan. The Report identified a significant operating deficit (\$13.2 million) for FY 13/14, and projected the depletion of current capital reserves to carry out capital projects in the District's 10-Year Capital Plan, in light of the need to fund operating deficits. The Report demonstrated that the long term financial condition of the District will continue to decline primarily due to continuing operating deficits each fiscal year, and projected a \$142 million deficit over the next five years. Following the staff presentation and Board discussion, the President of the Board appointed a new Advisory Committee to work with staff to develop a new strategic financial plan to address these challenges, including possible toll increases.

2. On November 15, 2013, the General Manager and Auditor-Controller presented to the Finance Committee/Committee of the Whole a report recommending public workshops and a public hearing on proposed toll increase options, based upon an assessment that, although substantial progress has been made since the last toll increase in September 2008, a new toll increase is needed to partially reduce the projected deficit. The toll increase will be coupled with a new strategic financial plan to eliminate the remainder of the current projected deficit. The Finance/Auditing Committee modified the initial staff recommendation and forwarded to the full Board a recommendation to present four toll options for public review, with the understanding that public input would not be limited to these options, but that other combinations of toll options within an upper range of an \$8.00 toll at the beginning of the fifth year of the program could be considered.

The Board adopted the Finance/Auditing Committee recommendation, and authorized staff to conduct informational open houses in Marin, Sonoma, and San Francisco. The Board also authorized the setting of a formal public hearing to receive public comment on toll increase proposals for February 12, 2014.

3. The toll proposals were developed in light of the following key guiding principles reviewed by the Board:

(a) Any toll increase proposal should fully address the remaining shortfall from the 2009 Strategic Financial Plan and strive to partially address the shortfall projected in September 2013, with the understanding that the District will always seek out innovative cost-cutting opportunities and ways to increase revenues to address future needs of the organization. These additional opportunities will be developed in the new 2014 Strategic Financial Plan.

(b) There should be two toll rates. FasTrak® tolls should be lower, in light of the lower cost of administration and the prepayment method used to collect tolls. Pay-by-Plate toll options, consisting of all other forms of toll payment, should be higher, given the higher cost to process and the sole reliance on images of the vehicle's license plate for collection.

(c) Toll increases should be uniform and clear to avoid confusion. Incremental increases should be rounded to the nearest 25 cents.

(d) For 3+ multi-axle vehicles, the increase in the per axle toll rate for each axle starting with the third axle will be the same as the two axle toll increase for that payment type (FasTrak® or Pay-By-Plate). The maximum toll will be capped at the seven axle toll rate.

(e) The carpool and persons with disabilities toll will increase by the same amount as the FasTrak® toll rate increase.

4. In January 2014 the District held three informal Public Open Houses in Marin, San Francisco and Sonoma counties to provide background information, answer questions, and elicit public comment on the proposed toll increase. Materials about the District's operations, capital program, financial needs and toll analysis process were available at the workshops and on the District's website and social media including Facebook and Twitter, and were translated into Spanish, Chinese and Vietnamese. The toll increase proposals were publicized on the radio, television, and print news media, including advertisements in Spanish and Chinese.

5. A public hearing was held on February 12, 2014 to formally receive public comment on the toll increase options. Seven individuals spoke at the hearing. As of the close of the public comment period on February 14, 2014, there were 130 unique comments received by the District. Of these 30 comments (23%) expressed opposition to the Golden Gate Bridge toll increase proposal options, 54 (42%) expressed support, 12 comments (9%) were not in opposition, and 31 comments (24%) expressed the desire for an alternate revenue generating proposal. Three (2%) comments were unrelated to the toll option proposals. Staff reviewed and categorized all comments, and prepared a written response to the primary categories of comments, which are included as an attachment to the staff report for the February 27, 2014 meeting of the Finance-Auditing Committee.

The February 27, 2014 staff report recommended that the Finance-Auditing Committee take action to approve the following toll increase (further details are included in Attachment A to the staff report):

	Current Toll	April 2014	July 2016	July 2017	July 2018
FasTrak®	\$5.00	\$6.00	\$6.25	\$6.50	\$7.00
Pay-By-Plate	\$6.00	\$7.00	\$7.25	\$7.50	\$8.00
Carpool & Persons with Disabilities Rate	\$3.00	\$4.00	\$4.25	\$4.50	\$5.00
Multi-axle vehicle rate	An increase of \$1.00 to \$2.00 per axle, depending upon the fiscal year.				

The staff report recommended an implementation date of April 7, 2014, as each month of delay in implementing the toll increases represents approximately \$1.5 million in foregone revenue.

6. On February 27, 2014 a meeting of the Finance-Auditing Committee was held to consider the toll increase options. Following presentation of the staff report, review of the record of public participation, and after receiving further public comment, the Committee engaged in an extensive discussion. Several members of the Committee expressed reservations about the adequacy of the funding levels raised by the staff recommended option (summarized above), given the size of the projected deficit, uncertainties of future cost escalation in operating costs, anticipated increase in demand for transit services, and the large funding commitments that the District must fulfill for pending capital projects. It was noted that Option 4 of the various options presented for public input provides for a twenty-five cent annual increase in the toll, after the initial \$1.00 increase in the first

year of the program. The effect of these small annual incremental increases results in an additional projected \$15 million in revenue, compared to the staff recommended option, and still maintains the same \$7.00 FasTrak®/\$8.00 Pay-By-Plate toll at the end of the five year toll increase program. After full discussion, all members of the Finance-Auditing Committee who were present voted unanimously to recommend to the Board adoption of a toll increase program summarized as follows:

	Current Toll	April 2014	July 2015	July 2016	July 2017	July 2018
FasTrak®	\$5.00	\$6.00	\$6.25	\$6.50	\$6.75	\$7.00
Pay-By-Plate	\$6.00	\$7.00	\$7.25	\$7.50	\$7.75	\$8.00
Carpool & Persons with Disabilities Rate	\$3.00	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00
Multi-axle vehicle rate	An increase of \$1.00 to \$2.00 per axle, depending upon the fiscal year.					

7. The Board has considered all comments, the General Manager’s report and the recommendations of the Finance-Auditing Committee. The Board finds that the recommended plan best fulfills the District’s mission, policy objectives and financial requirements for the following reasons:

- (a) It will raise revenue vitally needed to support proper maintenance and operation of the Golden Gate Bridge and support provision of public transit service in the Golden Gate Corridor, while mitigating the extent to which reserves must be drawn upon and allowing the District to keep an adequate level of reserves.
- (b) It facilitates moving forward with essential capital projects for the maintenance and restoration of the Golden Gate Bridge, bus and ferry systems on a timely basis.
- (c) The recommended toll increase strikes an appropriate balance among the competing concerns that have been expressed by the District’s constituents, and takes into account the initiatives underway to reduce expense and to pursue other sources of funding to achieve long-term financial stability for the District.

NOW, THEREFORE, BE IT ORDAINED BY THE BOARD OF DIRECTORS OF THE GOLDEN GATE BRIDGE, HIGHWAY AND TRANSPORTATION DISTRICT AS FOLLOWS:

Section 1. Section II, “Golden Gate Bridge and Approaches,” Subsection B, “Bridge Toll Rates,” paragraphs 1, 2, 3 and 4, of the Master Ordinance are replaced in their entirety with the following:

B. BRIDGE TOLL RATES

1. GENERAL. The Bridge toll rates, southbound only, for all vehicles shall be based on either a FasTrak® method of payment, or Pay-By-Plate method of payment, and the total number of axles of the vehicle, or connected combination of vehicles, as follows:

TWO AXLE VEHICLE TOLL							
Payment Method	Until April 7, 2014	April 7, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	
FasTrak®	\$5.00	\$6.00	\$6.25	\$6.50	\$6.75	\$7.00	
Pay-By-Plate	\$6.00	\$7.00	\$7.25	\$7.50	\$7.75	\$8.00	
CARPOOL AND DISABLED TOLL (FASTRAK® ONLY)							
	Until April 7, 2014	April 7, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018	
Carpool and Disabled	\$3.00	\$4.00	\$4.25	\$4.50	\$4.75	\$5.00	
MULTI-AXLE VEHICLE TOLL / VEHICLE WITH TRAILER TOLL							
Axles	Payment Method	Until April 7, 2014	April 7, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018
3 Axle	FasTrak®	\$15.00	\$18.00	\$18.75	\$19.50	\$20.25	\$21.00
	Pay-By-Plate	\$18.00	\$21.00	\$21.75	\$22.50	\$23.25	\$24.00
4 Axle	FasTrak®	\$20.00	\$24.00	\$25.00	\$26.00	\$27.00	\$28.00
	Pay-By-Plate	\$24.00	\$28.00	\$29.00	\$30.00	\$31.00	\$32.00
5 Axle	FasTrak®	\$25.00	\$30.00	\$31.25	\$32.50	\$33.75	\$35.00
	Pay-By-Plate	\$30.00	\$35.00	\$36.25	\$37.50	\$38.75	\$40.00

6 Axle	FasTrak®	\$30.00	\$36.00	\$37.50	\$39.00	\$40.50	\$42.00
	Pay-By-Plate	\$36.00	\$42.00	\$43.50	\$45.00	\$46.50	\$48.00
7 or More Axles	FasTrak®	\$35.00	\$42.00	\$43.75	\$45.50	\$47.25	\$49.00
	Pay-By-Plate	\$42.00	\$49.00	\$50.75	\$52.50	\$54.25	\$56.00

DESIGNATED SFO AIRPORT SERVICE (FASTRAK® ONLY)

	Until April 7, 2014	April 7, 2014	July 1, 2015	July 1, 2016	July 1, 2017	July 1, 2018
SFO Airport Service	\$7.50	\$9.00	\$9.50	\$9.75	\$10.25	\$10.50

2. **REDUCED FASTRAK® TOLL FOR DESIGNATED VEHICLES DURING COMMUTE HOURS.** A reduced FasTrak® toll rate for carpools is available between the hours of 5:00 to 9:00 a.m., and 4:00 to 6:00 p.m., Mondays through Fridays, excluding the following holidays: New Year’s Day; Presidents’ Day (third Monday in February); Memorial Day (last Monday in May); Independence Day (July 4); Labor Day; Thanksgiving Day; and Christmas Day. The reduced FasTrak® toll applies to two-axle vehicles with three or more passengers, motorcycles, and buses. Clean air vehicles that bear a DMV issued WHITE Clean Air Vehicle decal, which allows the vehicle to be operated by a single occupant in High Occupancy Vehicle (HOV) lanes are eligible for the reduced toll during commute hours, for as long as California Vehicle Code Sections 5205.5 and 21655.9 remain in effect. Vehicles bearing the YELLOW or GREEN Clean Air Vehicle decal are not eligible for the reduced toll. All vehicles that qualify for the reduced toll shall be registered with a FasTrak® account in good standing and the reduced toll shall be paid with a valid transponder. Eligible vehicles are required to use a marked, dedicated ‘Carpool’ lane.
3. **TOLL RATES FOR PERSONS WITH DISABILITIES.** The discount toll for a vehicle in which an eligible person with disabilities is either the operator or a passenger, must be paid via a special, discount FasTrak® tag issued to the eligible person with disabilities. The discount is not available for vehicles with more than two axles. The provisions of Section I.B.1, “Bridge Discount for Persons with Disabilities,” shall apply.
4. **REDUCED TOLL FOR DESIGNATED VEHICLES PROVIDING SFO AIRPORT SERVICE.** Three axle vehicles with FasTrak® that are operated by California Public Utilities Commission certificated providers of regularly scheduled bus transportation services from established points in Marin and Sonoma Counties to the San Francisco International Airport verified by the District may pay 50% of the above three axle FasTrak® toll rate rounded up to the nearest 25 cents.

All vehicles that qualify for the reduced toll shall be registered with a FasTrak® account in good standing.

Section 2. The Board finds that the bridge tolls effected by this Ordinance are exempt from the California Environmental Quality Act pursuant to Section 21080(b)(8) of the Public Resources Code because they are for the purpose of: (a) meeting operating expenses, (b) purchasing or leasing supplies, equipment, or materials, (c) meeting financial reserve needs and requirements, and (d) obtaining funds for capital projects necessary to maintain service within existing service areas; and directs the General Manager to file a Notice of Exemption in the offices of the clerk of the City and County of San Francisco and the county clerks of the County of Marin and the County of Sonoma.

Section 3. The effective date of this Ordinance shall be April 7, 2014.

Section 4. If any provision of this ordinance or the application thereof to any person or circumstances is held invalid, such invalidity shall not affect any other provisions or applications of the Ordinance which can be given effect without the invalid provision or application, and to this end, the provisions of this Ordinance are severable.

ADOPTED this 28th day of February, 2014, by the following vote of the Golden Gate Bridge, Highway and Transportation District Board of Directors;

AYES ():

NOES ():

ABSENT ():

President, Board of Directors

ATTEST:

Secretary of the District