



Agenda Item No. (4)(a)

To: Finance-Auditing Committee/Committee of the Whole  
Meeting of June 27, 2024

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

Subject: **AUTHORIZE BUDGET ADJUSTMENT(S) AND/OR TRANSFER(S)**  
**(a) AUTHORIZE BUDGET TRANSFERS AND ADJUSTMENTS TO**  
**THE FY 23/24 OPERATING BUDGET**

**Recommendation**

The Finance-Auditing Committee recommends that the Board of Directors authorize operating budget transfers of \$5,295,000, or 1.9%, of total FY 23/24 Operating Budget Expenses, as detailed in Attachment A, but summarized below:

**INTRADIVISION TRANSFERS**

	<b>TO</b>			
<b>FROM</b>	<b>Bridge</b>	<b>Bus</b>	<b>Ferry</b>	<b>District</b>
Bridge	\$620,000			
Bus	\$1,250,000	\$225,000	\$600,000	
Ferry			\$1,350,000	
District				\$1,250,000

1. The Bridge Division will transfer \$620,000 between budget categories in the Bridge Division.
2. The Bus Division will transfer \$225,000 between budget categories in the Bus Division. Additionally, the Bus Transit Division will transfer \$1,250,000 between budget categories to the Bridge Division and \$600,000 between budget categories in the Ferry Division.
3. The Ferry Division will transfer \$1,350,000 between budget categories in the Ferry Division.
4. The District Division will transfer \$1,250,000 between budget categories in the District Division.

This matter will be presented to the Board of Directors at its June 28, 2024, meeting for appropriate action.

Any additional transfers necessary at the end of the fiscal year will be adjusted as needed per the authority requested as part of the annual Board approval of the FY 24/25 Budget.

### **Summary**

The District is projected to finish the year with lower expenses than budgeted in the FY 23/24 District Budget. However, there are some sub-categories of expense that are higher than projected. In accordance with Golden Gate Bridge, Highway and Transportation District (District) policy, budget transfers greater than \$50,000 made across different Divisions, or across different line items within the same Division, are subject to Board approval.

This item transfers funds in order to comply with the budget and the District's policies. There are no net additional expenses added to the District's FY 23/24 Operating Budget.

In order to be in compliance, there are multiple categories of increased expense in the operating budget that must be addressed. These categories are (in order of largest increase in expense): 1) Professional Services; 2) Depreciation; 3) Workers Compensation; 4) Repair and Maintenance Supplies; 5) Non-Insurance Settlements; 6) Operating Supplies; and 7) Insurance Premium.

There are a few major reasons for the transfers this fiscal year. They are as follows:

1. *The Bridge Division as a whole is anticipated to end the year under budget*, but to comply with District policy it is recommended that funds be transferred in six categories within its own Division Budget. Additionally, funds will be transferred from the Bus Division to the Depreciation and Worker's Compensation categories in order to fund the projected expense in Bridge Depreciation and Worker's Compensation. The reason for the transfer in each area is as follows:
  - a. Savings in debt service, insurance and travel to fund worker's compensation, depreciation and repair and maintenance supplies costs.
    - i. Higher than projected worker's compensation cost due to significant settlements of old claims.
    - ii. Greater depreciation costs related to seismic retrofit assets.
    - iii. Larger than expected repair and maintenance costs due to unanticipated repairs to maintain Bridge facilities.
2. *The Bus Division as a whole is anticipated to end the year under budget*, but to comply with District policy it is recommended that funds be transferred in three categories within its own Division Budget. Additionally, funds will be transferred from the Bus Division to the Bridge and Ferry Division categories of depreciation, worker's compensation and repair and maintenance supply categories in order to fund higher than projected expenses in depreciation and worker's compensation in the Bridge Division, and repair and maintenance supplies in the Ferry Division. (see details in Bridge and Ferry sections). The reason for the transfer in each area is as follows:
  - a. Transfer funds from Bus Division fringe benefits to fund depreciation and insurance expenses.
    - i. Increase in depreciation costs related to the rolling stock fleet.

- ii. Increase in insurance costs associated with higher than projected insurance premiums.
3. *The Ferry Division as a whole is anticipated to end the year under budget*, but to comply with District policy it is recommended that funds be transferred in seven categories within its own division budget. Additionally, the recommendation is to transfer funds from the Bus Division to the Ferry Division's repair and maintenance supply category. The reason for the transfer in each area is as follows:
- a. Transfer funds from fringe benefits, fuel, and insurance savings to fund higher than projected expenses in repair and maintenance supplies, professional services, non-insurance settlements and operating equipment.
    - i. Increase in repair and maintenance supplies and professional service costs due to unanticipated repairs and maintenance of Ferry vessels and facilities.
    - ii. Increase in non-insurance costs related to a one-time settlement.
    - iii. Increase in operating equipment costs due to higher than anticipated costs.
4. *The District Division as a whole is anticipated to end the year under budget*, but to comply with District policy it is recommended that funds be transferred from the fringe benefits category to the depreciation and professional services within the District Division Budget. The reason for the transfer in each area is as follows:
- a. The elevated depreciation costs are primarily due to the radio system upgrade project, updated platform switches, and cyber security equipment.
  - b. The higher professional service costs are primarily related to temporary staffing due to staff transitions and backfill for technology projects.

**Fiscal Impact**

There is no fiscal impact associated with this action for FY 23/24. The budget transfers, totaling \$5,295,000, will not result in a net increase in the operating budget for the agency.

Attachment: Proposed Budget Adjustments FY 23/24

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**ATTACHMENT A  
PROPOSED BUDGET ADJUSTMENTS FY 23/24**

<b>DISTRICT DIVISION</b>	<b>BRIDGE</b>	<b>BUS</b>	<b>FERRY</b>	<b>DISTRICT</b>	<b>TOTAL</b>
District – Fringe Benefits				(\$1,250,000)	(\$1,250,000)
District – Professional Services				\$650,000	\$650,000
District – Depreciation				\$600,000	\$600,000
<b>TOTAL NET CONTRIBUTION</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>	<b>\$0</b>

<b>BRIDGE DIVISION</b>	<b>BRIDGE</b>	<b>BUS</b>	<b>FERRY</b>	<b>DISTRICT</b>	<b>TOTAL</b>
Bridge – Debt Service	(\$420,000)				(\$420,000)
Bridge – Insurance	(\$120,000)				(\$120,000)
Bridge – Travel	(\$80,000)				(\$80,000)
Bridge – Worker's Compensation		\$1,100,000			\$1,100,000
Bridge – Depreciation	\$380,000	\$150,000			\$530,000
Bridge – Repair and Maintenance Supplies	\$240,000				\$240,000
<b>TOTAL NET CONTRIBUTION</b>	<b>\$0</b>	<b>\$1,250,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$1,250,000</b>

<b>BUS DIVISION</b>	<b>BRIDGE</b>	<b>BUS</b>	<b>FERRY</b>	<b>DISTRICT</b>	<b>TOTAL</b>
Bus – Fringe Benefits	(\$1,250,000)	(\$225,000)	(\$600,000)		(\$2,075,000)
Bus – Depreciation		\$175,000			\$175,000
Bus – Insurance		\$50,000			\$50,000
<b>TOTAL NET CONTRIBUTION</b>	<b>(\$1,250,000)</b>	<b>\$0</b>	<b>(\$600,000)</b>	<b>\$0</b>	<b>(\$1,850,000)</b>

<b>FERRY DIVISION</b>	<b>BRIDGE</b>	<b>BUS</b>	<b>FERRY</b>	<b>DISTRICT</b>	<b>TOTAL</b>
Ferry – Fringe Benefits			(\$480,000)		(\$480,000)
Ferry – Fuel & Related Taxes			(\$770,000)		(\$750,000)
Ferry – Insurance			(\$100,000)		(\$100,000)
Ferry – Repair & Maintenance Supplies		\$600,000	\$80,000		\$680,000
Ferry – Professional Services			\$900,000		\$900,000
Ferry – Settlements - Not Insurance			\$300,000		\$300,000
Ferry – Operating Equipment			\$70,000		\$70,000
<b>TOTAL NET CONTRIBUTION</b>	<b>\$0</b>	<b>\$600,000</b>	<b>\$0</b>	<b>\$0</b>	<b>\$600,000</b>

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