



Transit Watch: Public Transit in Crisis



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Golden Gate Bridge tolls may go up as district faces financial crisis: 'It's quite brutal'

By Mallory Moench

Tolls on the Golden Gate Bridge might temporarily jump \$2 as the agency that operates it grapples with a massive fiscal crisis and tries to avoid layoffs.

The Golden Gate Bridge, Highway and Transportation District, which oversees the bridge, buses and ferries, will run out of federal emergency funds it has been using to pay its employees at the end of this month, officials said Monday.

To deal with the fiscal crisis, the district is considering three options: Cut a quarter of its positions, raise tolls on drivers coming from Marin to San Francisco or a combination of both to avoid spending capital reserves and keep the agency afloat, the agency told its board of directors in a letter Monday.

The transit district's board of directors must decide Friday between the three choices. But even those measures won't entirely fill its looming \$48 million shortfall this fiscal year, with toll lanes less busy and ferries and buses still mostly empty as North Bay commuters work from home.

"All transit agencies all across the country are struggling, but we're hitting the fiscal cliff much sooner than others," the district's general manager Denis Mulligan said Monday. "For us, it's quite brutal."

Eight months after shelter-in-place orders shuttered the Bay Area, Golden Gate Bridge traffic is down 30%, bus ridership dropped 75% and ferry ridership plummeted 96%. The transit district has experienced a drop of about \$2 million a week in tolls and fares, officials said. The district is unique in that tolls are its largest source of revenue to fund bridge, bus and ferry operations, the letter to the board of directors read.

As revenue plummeted, the district received about \$52 million in Cares Act federal funding, but it is running out soon, the letter said. At the start of this fiscal year in July, the district faced a budget deficit of \$98 million, which it reduced to \$48 million by using some of the Cares Act funding, freezing hiring, cutting 75% of weekday and all weekend ferries, and ending almost all bus commute trips. Mulligan said he had been "cautiously optimistic" for more federal funds before the election, but as negotiations for a relief bill dragged on between Democrats and Republicans in Washington, and then stopped, hope faded.

There simply isn't enough money to continue to pay employees, including bus drivers who are sometimes sent home but still paid for an entire shift, because of the low demand for service, Mulligan said. Now with less than a month before the remaining money runs out, the agency has to either cut costs or increase revenue.

The transit district's board of directors must decide between three options Friday, laid out in the letter. The first option would eliminate 205 positions — 59 vacant and 146 filled. A majority of staff who could be laid off — 88 — are bus drivers, the letter said.

The transit district employs 825 people, and like most transit agencies, staff are the biggest expense, Mulligan said. Labor costs in this fiscal year's budget amounted to \$151.9 million.

The agency issued a WARN Act notice, legally required at least 60 days before a mass layoff, to affected employees on Sept. 11 in anticipation of federal emergency funds drying up at the end of November. Cutting staff would reduce the district's expenses by \$15.6 million. Although severance costs would add up to \$2.1 million, cutting staff would save an ongoing \$26.7 million a year until the positions are refilled, the letter said.

Staff would be laid off Dec. 5. Mulligan said the district has been in conversation with unions that represent district employees since September. ATU Local 1575, the union that represents bus drivers who could be most affected by these cuts, did not respond immediately to a request for comment Monday afternoon.

The second option, which would avert layoffs, is to temporarily raise the toll by \$2, from the current range of \$7.70 to \$8.70 for a car depending on whether a driver pays with FasTrak or by mail. The district wants to hear from the estimated 250,000 weekly drivers who would be impacted by higher prices and will hold a public hearing on Nov. 23 before making a final decision at the next meeting on Dec. 4. If the board doesn't agree to raise the toll after hearing from the public, layoffs will automatically be triggered on Dec. 5.

The third option is a hybrid that would share the financial burden between employees and customers by raising the toll by \$1.25 and furloughing staff one day a week. The district would do the same public outreach for this option. Both toll raises would be reviewed in 180 days to see if they need to continue.

If the board takes no action on any of the three options, the district will spend capital reserves to keep paying all employees, the letter said. The agency had \$219 million in capital reserves in this fiscal year's budget.

None of the three options will completely solve the district's fiscal woes. Each would still require the agency to spend \$25.7 million in emergency and operation reserves — and find even more places to cut costs or make money — to get through this fiscal year. The only way to fill the shortfall with revenue would be to raise tolls by \$4 or cut service even more, Mulligan said.

"These are difficult and heart-wrenching decisions," Mulligan said. But the head of the beleaguered transit district running the iconic bridge expressed hope that empty roads, buses and ferries won't last forever — and neither would dire financial straits.

"Today's traffic levels are not a permanent situation," he said. "This is not the new normal, it's a transitory stage. We don't know what the new normal looks like until COVID-19 is behind us and things reopen and people go to ballgames and concerts and theaters and into tall buildings in San Francisco again. And until that happens, travel patterns may look different, but the bulk of travel will come back. Humans are social animals."

For more information, please contact the California Transit Association at COVID-19@caltransit.org.