

Meeting Agenda

Bay Area Infrastructure Financing Authority

Alfredo Pedroza, Chair Nick Josefowitz, Vice Chair

Wednesday, March 27, 2024

9:50 AM

Board Room - 1st Floor

The Bay Area Infrastructure Finance Authority (BAIFA) is scheduled to meet at 9:50 a.m. or immediately following the 9:45 a.m. BATA meeting.

Meeting attendees may opt to attend in person for public comment and observation at 375 Beale Street, Board Room (1st Floor). In-person attendees must adhere to posted public health protocols while in the building. The meeting webcast will be available at <https://mtc.ca.gov/whats-happening/meetings/live-webcasts>. Members of the public are encouraged to participate remotely via Zoom at the following link or phone number.

Members of the public participating by Zoom wishing to speak should use the “raise hand” feature or dial *9. When called upon, unmute yourself or dial *6. In order to get the full Zoom experience, please make sure your application is up to date.

Attendee Link: <https://bayareametro.zoom.us/j/86380094282>

iPhone One-Tap: US:

+16694449171,,86380094282# US

+16699006833,,86380094282# US (San Jose)

Join by Telephone (for higher quality, dial a number based on your current location) US:

888 788 0099 (Toll Free) or 877 853 5247 (Toll Free)

Webinar ID: 863 8009 4282

International numbers available: <https://bayareametro.zoom.us/u/kmxVw9td9>

Detailed instructions on participating via Zoom are available at:

<https://bayareametro.zoom.us/j/kdR1hznEgA>

<https://mtc.ca.gov/how-provide-public-comment-board-meeting-zoom>

Members of the public may participate by phone or Zoom or may submit comments by email at info@bayareametro.gov by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name and agenda item number in the subject line. Due to the current circumstances, there may be limited opportunity to address comments during the meeting. All comments received will be submitted into the record.

Clerk: Kimberly Ward

Roster

Alfredo Pedroza (Chair), Nick Josefowitz (Vice Chair),
Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Carol Dutra-Vernaci,
Dina El-Tawansy*, Victoria Fleming, Dorene M. Giacomini*, Federal D. Glover,
Matt Mahan, Nate Miley, Stephanie Moulton-Peters, Sue Noack, Gina Papan,
David Rabbitt, Hillary Ronen, Libby Schaaf*, James P. Spering, Sheng Thao
*Non-Voting Members

1. Call to Order / Roll Call / Confirm Quorum

Quorum: A quorum of this Authority shall be a majority of its regular voting members (10).

2. Consent Calendar

- 2a. [24-0066](#) Approval of BAIFA Minutes of the December 20, 2023 meeting

Action: Authority Approval

Attachments: [2a 24-0066 December 20 2023 Draft BAIFA Minutes.pdf](#)

3. BAIFA Network and Operations Committee Report (Dutra-Vernaci)

- 3a. [24-0299](#) BAIFA Resolution No. 52 - Bay Area Infrastructure Financing Authority (BAIFA) Express Lanes 10-Year Financial Plan and Reserves Policy

Request for approval of BAIFA Resolution No. 52 adopting the BAIFA Express Lanes Program 10-Year Financial Plan for Fiscal Years (FY) 2023-24 to FY 2032-33.

Action: Authority Approval

Presenter: Ken Hoang

Attachments: [3a 24-0299 Summary BAIFA Reso 0052 EL 10-Yr Financial Plan FY 2024](#)
[3a 24-0299 Presentation BAIFA Reso 0052 Express Lanes 10-Yr Financial Plan](#)
[3a 24-0299 BAIFA Resolution 0052.pdf](#)

- 3b. [24-0300](#) BAIFA Resolution No. 53 - Bay Area Infrastructure Financing Authority (BAIFA) Reserves Policy

Request for approval of BAIFA Resolution No. 53 adopting the BAIFA Reserves Policy beginning Fiscal Year (FY) 2024-25.

Action: Authority Approval

Presenter: Ken Hoang

Attachments: [3b 24-0300 Summary BAIFA Reso 0053 BAIFA Reserves Policy.pdf](#)
[3b 24-0300 Presentation BAIFA Reso 0053 Express Lanes Reserves Policy](#)
[3b 24-0300 BAIFA Resolution 0053.pdf](#)

4. Public Comment / Other Business

*Commissioners and members of the public participating by Zoom wishing to speak should use the “raise hand” feature or dial *9. When called upon, unmute yourself or dial *6.*

5. Adjournment / Next Meeting

The next meeting of the Bay Area Infrastructure Financing Authority is scheduled to be held on April 24, 2024. Any changes to the schedule will be duly noticed to the public.

Public Comment: The public is encouraged to comment on agenda items at Authority meetings by completing a request-to-speak card (available from staff) and passing it to the Authority secretary. Public comment may be limited by any of the procedures set forth in Section 3.09 of MTC's Procedures Manual (Resolution No. 1058, Revised) if, in the chair's judgment, it is necessary to maintain the orderly flow of business.

Meeting Conduct: If this meeting is willfully interrupted or disrupted by one or more persons rendering orderly conduct of the meeting unfeasible, the Chair may order the removal of individuals who are willfully disrupting the meeting. Such individuals may be arrested. If order cannot be restored by such removal, the members of the Authority may direct that the meeting room be cleared (except for representatives of the press or other news media not participating in the disturbance), and the session may continue.

Record of Meeting: Authority meetings are recorded. Copies of recordings are available at a nominal charge, or recordings may be listened to at MTC offices by appointment. Audiocasts are maintained on MTC's Web site (mtc.ca.gov) for public review for at least one year.

Accessibility and Title VI: MTC provides services/accommodations upon request to persons with disabilities and individuals who are limited-English proficient who wish to address Commission matters. For accommodations or translations assistance, please call 415.778.6757 or 415.778.6769 for TDD/TTY. We require three working days' notice to accommodate your request.

可及性和法令第六章： MTC 根據要求向希望來委員會討論有關事宜的殘疾人士及英語有限者提供服務/方便。需要便利設施或翻譯協助者，請致電 415.778.6757 或 415.778.6769 TDD / TTY。我們要求您在三個工作日前告知，以滿足您的要求。

Acceso y el Título VI: La MTC puede proveer asistencia/facilitar la comunicación a las personas discapacitadas y los individuos con conocimiento limitado del inglés quienes quieran dirigirse a la Comisión. Para solicitar asistencia, por favor llame al número 415.778.6757 o al 415.778.6769 para TDD/TTY. Requerimos que solicite asistencia con tres días hábiles de anticipación para poderle proveer asistencia.

Attachments are sent to Authority members, key staff and others as appropriate. Copies will be available at the meeting.

All items on the agenda are subject to action and/or change by the Authority. Actions recommended by staff are subject to change by the Authority.



Metropolitan Transportation Commission

375 Beale Street, Suite 800
San Francisco, CA 94105

Legislation Details (With Text)

File #: 24-0066 **Version:** 1 **Name:**

Type: Minutes **Status:** Consent

File created: 12/1/2023 **In control:** Bay Area Infrastructure Financing Authority

On agenda: 1/24/2024 **Final action:**

Title: Approval of BAIFA Minutes of the December 20, 2023 meeting

Sponsors:

Indexes:

Code sections:

Attachments: [2a_24-0066_December_20_2023_Draft_BAIFA_Minutes.pdf](#)

Date	Ver.	Action By	Action	Result
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Subject:
Approval of BAIFA Minutes of the December 20, 2023 meeting

Recommended Action:
Authority Approval



Bay Area Metro Center
375 Beale Street
San Francisco, CA 94105

Meeting Minutes

Bay Area Infrastructure Financing Authority

Alfredo Pedroza, Chair Nick Josefowitz, Vice Chair

Wednesday, December 20, 2023

9:45 AM

Yerba Buena Conference Room - 1st Floor

Roster

**Alfredo Pedroza (Chair), Nick Josefowitz (Vice Chair),
Margaret Abe-Koga, Eddie Ahn, David Canepa, Cindy Chavez, Carol Dutra-Vernaci,
Dina El-Tawansy*, Victoria Fleming, Dorene M. Giacomini*, Federal D. Glover,
Matt Mahan, Nate Miley, Stephanie Moulton-Peters, Sue Noack, Gina Papan,
David Rabbitt, Hillary Ronen, Libby Schaaf*, James P. Spering, Sheng Thao**

***Non-Voting Members**

Chair Pedroza called the meeting to order.

1. Roll Call / Confirm Quorum

- Present:** 13 - Chair Pedroza, Commissioner Abe-Koga, Commissioner Canepa, Commissioner Chavez, Commissioner Dutra-Vernaci, Commissioner Glover, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Spering
- Absent:** 5 - Vice Chair Josefowitz, Commissioner Ahn, Commissioner Fleming, Commissioner Mahan and Commissioner Thao

A quorum being present in the Yerba Buena Conference Room, Commissioner Chavez and Commissioner Ronen were authorized by the Chair to participate remotely under AB 2449 (just cause) due to illness and injury, respectively.

Non-Voting Commissioner Present: Commissioner Giacomini

Non-Voting Commissioners Absent: Commissioner El-Tawansy and Commissioner Schaaf

2. Consent Calendar

Upon the motion by Commissioner Papan and seconded by Commissioner Spering, the Authority unanimously approved the Consent Calendar by the following vote:

- Aye:** 13 - Chair Pedroza, Commissioner Abe-Koga, Commissioner Canepa, Commissioner Chavez, Commissioner Dutra-Vernaci, Commissioner Glover, Commissioner Miley, Commissioner Moulton-Peters, Commissioner Noack, Commissioner Papan, Commissioner Rabbitt, Commissioner Ronen and Commissioner Spering
- Absent:** 5 - Vice Chair Josefowitz, Commissioner Ahn, Commissioner Fleming, Commissioner Mahan and Commissioner Thao

- 2a. [23-1469](#) Approval of BAIFA Minutes of the October 25, 2023 meeting
Action: Authority Approval
- 2b. [23-1470](#) Fiscal Year (FY) 2023-24 Bay Area Infrastructure Financing Authority (BAIFA) Statement of Revenues and Expenses for the Period Ended September 30, 2023 (Unaudited)
Action: Information
Presenter: Grace Martinez
- 2c. [23-1421](#) Bay Area Infrastructure Financing Authority (BAIFA) Resolution No. 51 - Solano Interstate 80 (I-80) Express Lanes Toll System Design Plans Approval Delegation
Action: Authority Approval
Presenter: Beth Zelinski

3. Public Comment / Other Business**4. Adjournment / Next Meeting**

The next meeting of the Bay Area Infrastructure Financing Authority is scheduled to be held on January 24, 2024. Any changes to the schedule will be duly noticed to the public.

Legislation Details (With Text)

File #:	24-0299	Version:	1	Name:	
Type:	Resolution	Status:		Authority Approval	
File created:	2/8/2024	In control:		Bay Area Infrastructure Financing Authority Network and Operations Committee	
On agenda:	3/8/2024	Final action:			
Title:	BAIFA Resolution No. 52 - Bay Area Infrastructure Financing Authority (BAIFA) Express Lanes 10-Year Financial Plan and Reserves Policy				

Request for approval of BAIFA Resolution No. 52 adopting the BAIFA Express Lanes Program 10-Year Financial Plan for Fiscal Years (FY) 2023-24 to FY 2032-33.

Sponsors:

Indexes:

Code sections:

Attachments: [3a 24-0299 Summary BAIFA Reso 0052 EL 10-Yr Financial Plan FY 2024-2033.pdf](#)
[3a 24-0299 Presentation BAIFA Reso 0052 Express Lanes 10-Yr Financial Plan.pdf](#)
[3a 24-0299 BAIFA Resolution 0052.pdf](#)
[5ai 24-0299 Summary Sheet-BAIFA RES 0052 EL 10-Yr Financial Plan FY 2024-33.pdf](#)
[5aii 24-0299 PowerPoint BAIFA RES 0052 EL 10-Yr Financial Plan FY 2024-33.pdf](#)
[5aiii 24-0299 TEMP-BAIFA-RES-0052.pdf](#)
[5aiv 24-0300 TEMP BAIFA-RES-0052 Attachment A.pdf](#)

Date	Ver.	Action By	Action	Result
3/8/2024	1	Bay Area Infrastructure Financing Authority Network and Operations Committee		

Subject:

BAIFA Resolution No. 52 - Bay Area Infrastructure Financing Authority (BAIFA) Express Lanes 10-Year Financial Plan and Reserves Policy

Request for approval of BAIFA Resolution No. 52 adopting the BAIFA Express Lanes Program 10-Year Financial Plan for Fiscal Years (FY) 2023-24 to FY 2032-33.

Presenter:

Ken Hoang

Recommended Action:

Authority Approval

Attachments:

**Bay Area Infrastructure Finance Authority
Network and Operations Committee**

March 8, 2024

Agenda Item 5a

**BAIFA Resolution No. 52 – Bay Area Infrastructure Financing Authority (BAIFA) Express
Lanes 10-Year Financial Plan and Reserves Policy**

Subject:

Request for approval of BAIFA Resolution No. 52 adopting the BAIFA Express Lanes Program 10-Year Financial Plan for Fiscal Years (FY) 2023-24 to FY 2032-33.

Background:

MTC's goals in operating express lanes are to enhance mobility and congestion relief, including transit and carpool priority, to offer value and choice to road users by making unused capacity in the carpool lane available to toll-paying customers, and to support the buildout of the MTC network with toll revenue after operations and maintenance, rehabilitation and replacement and reserves are covered.

Staff presented a draft of BAIFA's first 10-year financial plan at the BAIFA Network and Operations Committee meeting on September 8, 2023 [[Agenda Item 4b](#) (<https://mtc.legistar.com/LegislationDetail.aspx?ID=6337286&GUID=5E568131-04E5-4EE9-95BA-A77909D8228B&Options=&Search=>)]. This plan outlines a 10-year forecast of income and expenses for the operation, maintenance, preservation, and rehabilitation of BAIFA's express lanes and tolling infrastructure. The Financial Plan includes actual revenue and expenses up to June 30, 2023, the budgeted revenue and expenses for FY 2023-24, and projected revenues and expenses through FY 2032-33, offering a network-level financial perspective.

The express lane network in the current Financial Plan includes:

- Contra Costa I-680 (CC-680) between San Ramon and Martinez (opened in FY 2017-18 and extended in FY 2021-22)
- Alameda I-880 (ALA-880) between Oakland and Milpitas (opened in FY 2020-21)
- Solano I-80 (SOL-80) between Vacaville and Fairfield (expected to open in FY 2025-26)

The total capital cost to build the three express lanes above was approximately \$686 million and was predominantly funded by BATA Toll Funds (\$345 million), Senate Bill 1 (\$123 million) and Regional Measure 3 (\$85 million).

MTC assigned the responsibilities for the express lanes to BAIFA in 2013 under MTC Resolution 4087. Streets and Highways Code Section 149.7, under which the MTC express lanes network is authorized, establishes the MTC network, also called the BAIFA Express Lanes Facility, as a single financial enterprise, much in the same way the BATA toll bridges are a single enterprise: revenue from any corridor in the facility can be used for eligible expenses on any other corridor. Eligible expenses include debt obligations, development, maintenance, repair, rehabilitation, improvement, reconstruction, administration, and operation of the toll facility, including toll collection and enforcement and reserves. After eligible expenses, the remaining revenue must be returned to the corridor from which it was generated pursuant to an expenditure plan adopted by BAIFA.

Total revenue for the 10-year period from FY 2023-24 to 2032-33 is projected to be \$941 million. Revenue is comprised of tolls (86% of total revenue), violations (11%), and interest and other income (3%).

Costs include those for Operations & Maintenance (O&M) and Rehabilitation and Replacement (R&R).

- O&M costs reflect both fixed and variable costs. Fixed costs are independent of lane usage and are generally a function of mileage. Fixed O&M costs include toll system, roadway, enforcement, utilities, and staff costs. Variable O&M costs are those tied to usage and include banking fees, manual image review, and other transaction costs.
- R&R costs include toll system replacement on an 8-year lifecycle and rehabilitation of civil assets, which are generally on longer lifecycles (such as pavement rehabilitation on a 10-year lifecycle). Civil work includes capital preventative maintenance (CAPM) projects identified in the Caltrans 10-year State Highway Operation and Protection Program (SHOPP).

O&M and R&R expenditures are projected to total \$847 million over the 10 years from FY 2023-24 to FY 2032-33. O&M comprises 56% of projected expenditures, and R&R, 44%.

From inception through FY 2032-33, the Financial Plan projects \$195 million in revenue available after considering O&M and R&R and before considering reserves. This includes \$101 million in actual revenue through FY 2022-23 and an additional \$94 million in projected revenue from FY 2023-24 through FY 2032-33. The Financial Plan is included in BAIFA Resolution No. 52.

A reserves policy is necessary to ensure financial stability, manage risks, and maintain the long-term sustainability of the express lanes program, ensuring that the program can adapt to changing circumstances and maintain its operations over time. Staff has prepared a Reserves Policy recommendation for adoption in Agenda Item 5b.

Revenue and expense projections in the financial plan are based on conservative assumptions on revenue growth and cost escalation as documented the attachment to BAIFA Resolution No. 52. Staff will reconcile the Financial Plan with actuals on an annual basis and update the Financial Plan (e.g., extending the forecast and revising assumptions) every two years, or as needed based on major, unanticipated changes. The near-term work plan includes business and policy decision points that can alter these projections, generally with upside net revenue potential given the conservative underlying assumptions. Commissioner feedback from the September 8, 2023, BAIFA Network and Operations Committee meeting has been incorporated in the work plan. Major elements include:

- On-Going Operations:
 - Evaluating and adjusting the Dynamic Pricing Algorithm (DPA) to enhance congestion management and vehicle flow for more consistent travel times.
 - Risk management: identifying operational risks, assessing their likelihood of occurrence and impact, and implementing mitigation strategies.
 - Changes to the CAV discount: Federal statute allowing the State Clean Air Vehicle (CAV) sticker program, administered by the DVM, is set to expire in 2025; this would effectively end the CAV discount for Bay Area express lanes since all DMV-issued sticker clean air vehicle stickers would expire.

- Solano I-80 Express Lanes Implementation:
 - Establishing occupancy requirements and hours of operation, including consideration of weekend tolling, which will be approved by BAIFA via amendment to the BAIFA Toll Facilities Ordinance prior to the summer 2025 opening of the lanes.
- Next Generation Express Lane Toll System, the lifecycle replacement of the existing toll systems:
 - Opting for multiple contracts, dividing them by function—software and hardware—to manage risk, foster competitive bidding and encourage a more diverse marketplace of qualified vendors.
- Pilot Programs and Innovation:
 - Assessing the feasibility, effectiveness, and potential impact of new policies through pilot projects, including Express Lanes START and the I-680 app-based occupancy verification pilot, before implementing them on a large scale.
 - At the BAIFA Network and Operations Committee on September 8, 2023, Chair Dutra-Vernaci inquired about extending the low-income user discount (Express Lanes START) to the entire network and its potential revenue impact, a consideration not included in the current Financial Plan. Staff would evaluate and incorporate financial considerations based on results of the pilot evaluation and commissioner feedback.
 - Vice Chair Josefowitz also asked about including funds for occupancy enforcement in the financial plan to reduce leakage and enhance trust in the express lane program. Staff believes the Financial Plan includes the capacity for any near-term actions and intends to identify and account for longer term needs under the current work plan as part of the evaluation of the current pilot for consideration in the next Financial Plan update.
- Plan Bay Area (PBA) 2050+ and Express Lanes Strategic Planning
 - Achieving regional consistency in customer-facing policies, including carpool occupancy requirements, operating hours, toll policy, messaging and signage, customer education, and incident management.

- At the BAIFA Network and Operations Committee on September 8, 2023, Commissioner Canepa emphasized the importance of regional uniformity.
- Developing a build-out strategy aligned with PBA 2050+ priorities, including broader, Next Generation Freeway tolling plans.
- Prioritizing regional transit initiatives, such as an Express Bus Network, to encourage carpooling, reduce greenhouse gas emissions and vehicle miles traveled (VMT), and offer commuters more reliable travel times and options.
- During the BAIFA Network and Operations meeting on September 8, 2023, Vice Chair Josefowitz raised the question of using Express Lane revenue to address the transit "fiscal cliff." This proposal faces challenges both financially and legally. MTC's Executive Director Fremier noted there is significant pressure from the State to use Express Lane revenue for express lanes rehab projects. Additionally, current law imposes mitigation requirements for vehicle miles traveled that could make network expansion more costly. Statutory restrictions also exist regarding the use of remaining revenue for transit operating costs. This is an important discussion that staff recommends be opportunities explored further in the fall when we discuss the Remaining Revenue policy.

Next Steps

The financial outlook for the BAIFA express lanes network is strong. The 10-year Financial Plan predicts sufficient revenue to cover operating and maintenance (O&M) and repair and replacement (R&R) costs, as well as to establish reserves. Upon approval of the 10-year Financial Plan and Reserves Policies, staff will commence filling reserves. In collaboration with Caltrans and partner County Transportation Authorities, staff plans to develop the framework for a Remaining Revenue Policy. This policy would define the circumstances under which remaining revenue can be allocated and establish criteria for identifying projects eligible to receive remaining revenue. Staff aim to present the Remaining Revenue Policy to the Committee in the fall.

Recommendations:

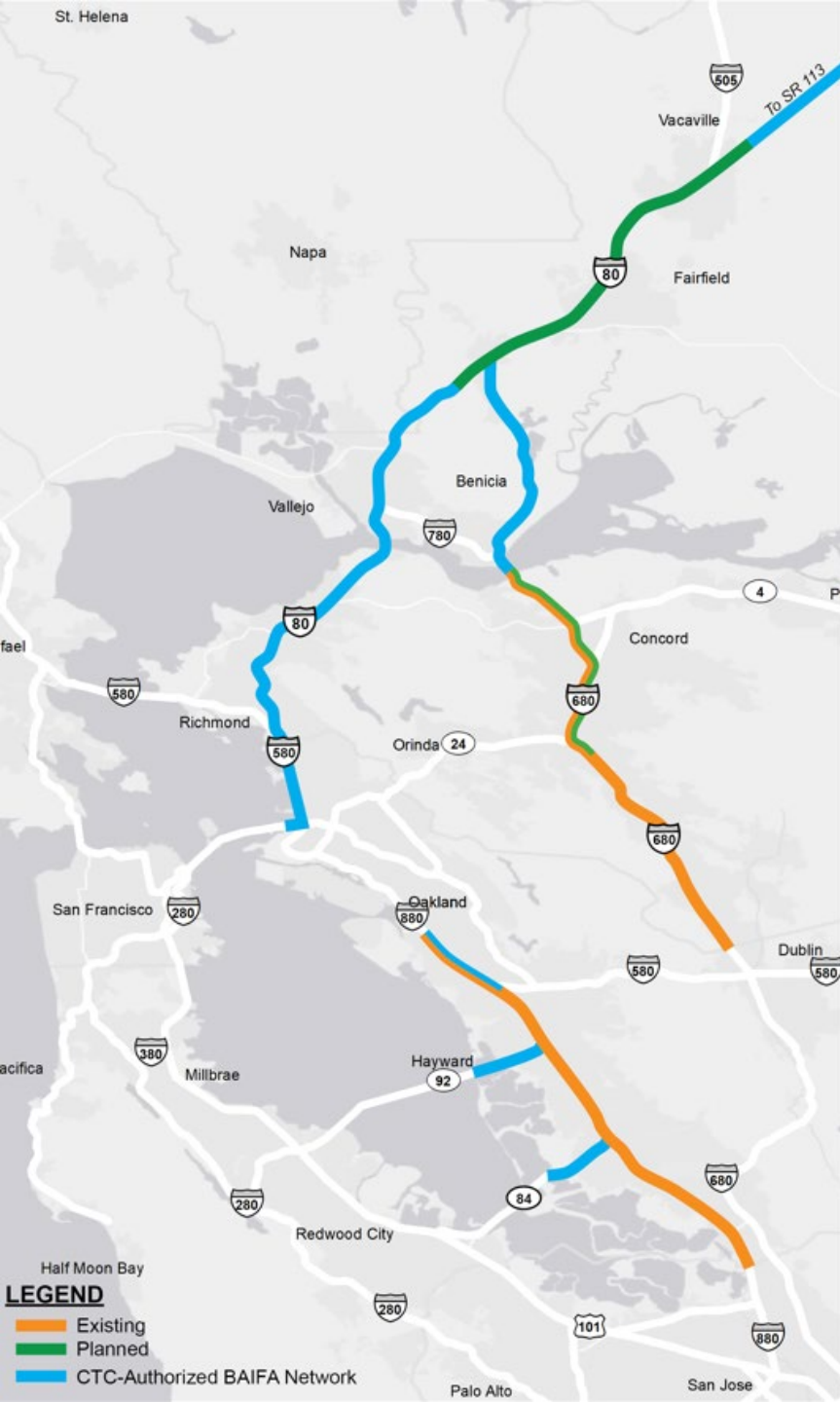
Staff recommends that this Committee refer BAIFA Resolution No. 52, BAIFA 10-Year Financial Plan for FY 2023-24 to 2032-33 to the Authority for approval.

Attachments:

- Attachment A: PowerPoint
- Attachment B: BAIFA Resolution No. 52



Andrew B. Fremier



MTC Express Lanes 10-Year Financial Plan & Reserves Policy

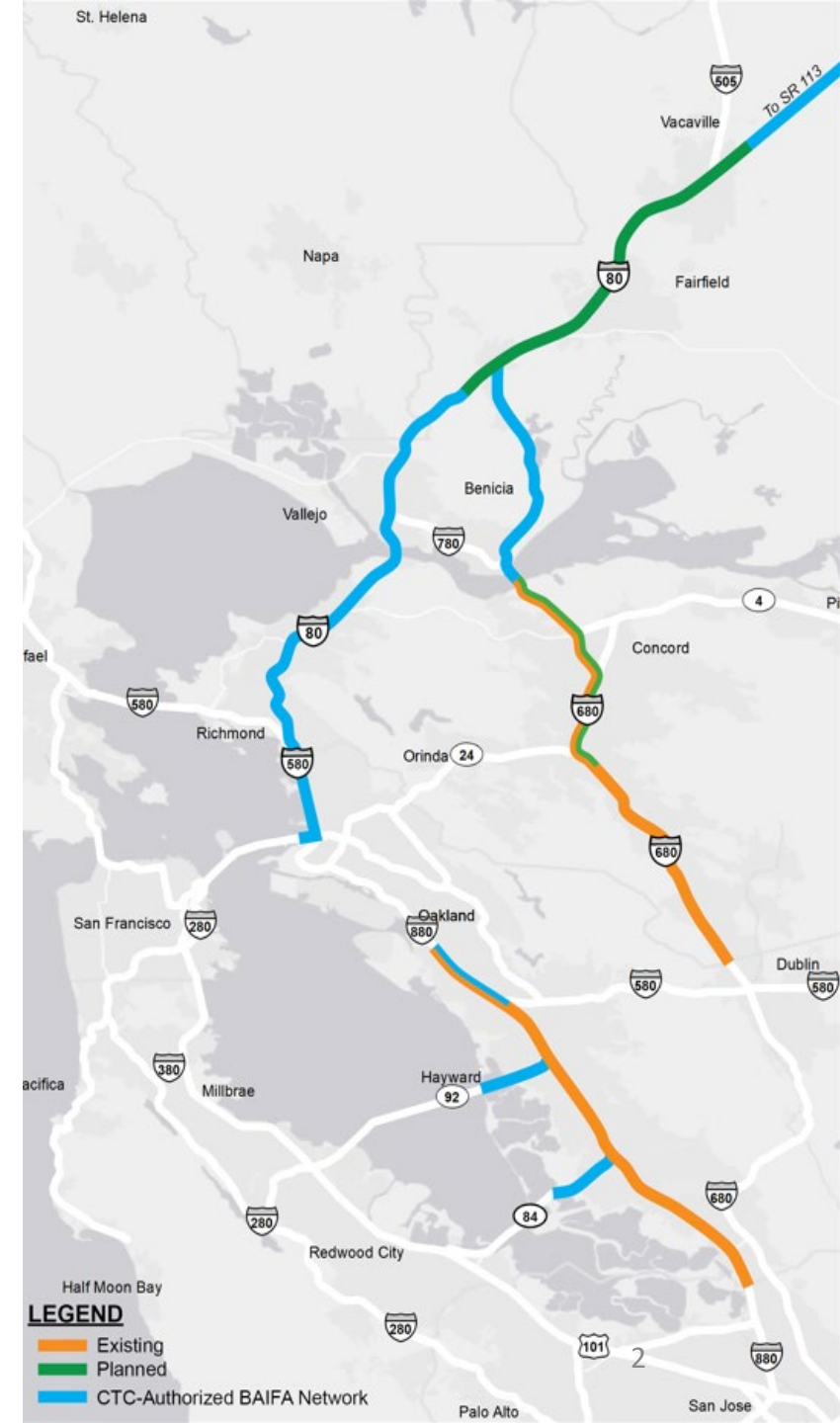
BAIFA Network and Operations Committee

March 8, 2024

Background: MTC Go-Live Dates

MTC Network:

- 117 miles when Solano-80 opens in 2025
- 285 total miles when express lane facility is fully built

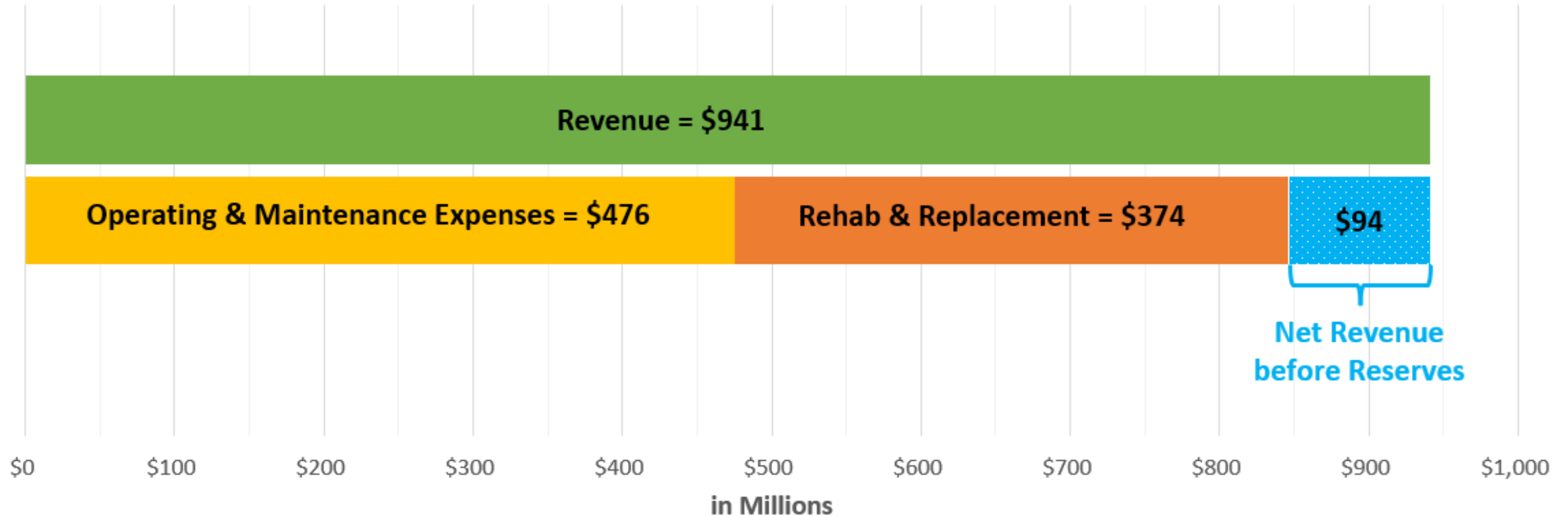


Discussion Topics

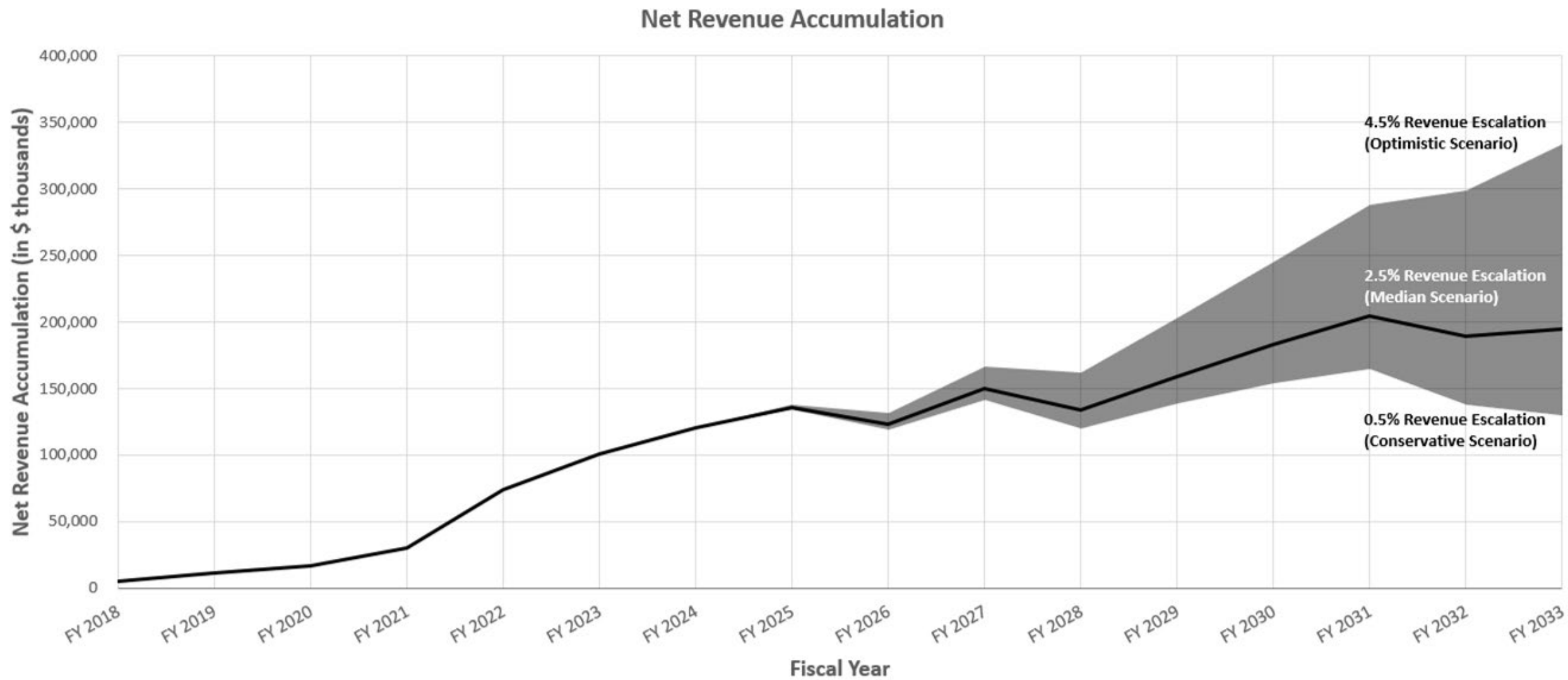
- Financial plan (BAIFA Resolution No. 52) and reserves policy (BAIFA Resolution No. 53) for adoption
- Express lanes work plan and policy considerations
- Next steps

Express Lane Financial Spotlight (in total)

Network – 10-Year Projection (FY 24-33)



Potential Revenue Variability



Reserves Policy Considerations

Fund	Considerations	Estimated Range
O&M Reserve Fund	Safeguard 12 months of Fixed O&M costs for operations.	\$20 M - \$30 M
Emergency Reserve Fund	Safeguard funding for emergency reconstruction, repair, and operations.	\$25M
Capital R&R Reserve Fund	Safeguard 3-year maximum of R&R costs for essential R&R needs, including any shortfall needed for emergencies.	\$135M
Total Reserves	Preliminary Range	\$180 M - \$190 M

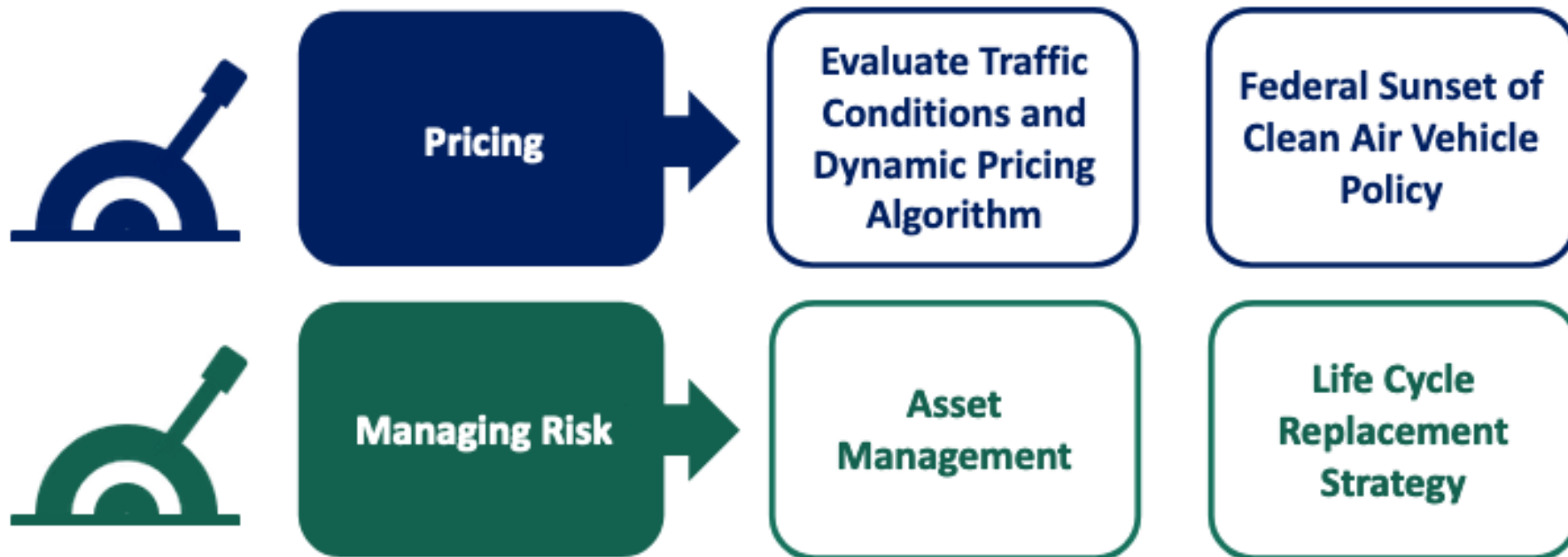
Express Lanes Work Plan

In addition to the Reserves Policy, the plans and policies in the following areas can alter these financial plan projections:

- Operational Refinement
- Solano I-80 Express Lanes Implementation
- Next Generation Express Lane Toll System
- Pilot Programs: Occupancy Enforcement and Equity
- Plan Bay Area 2050+

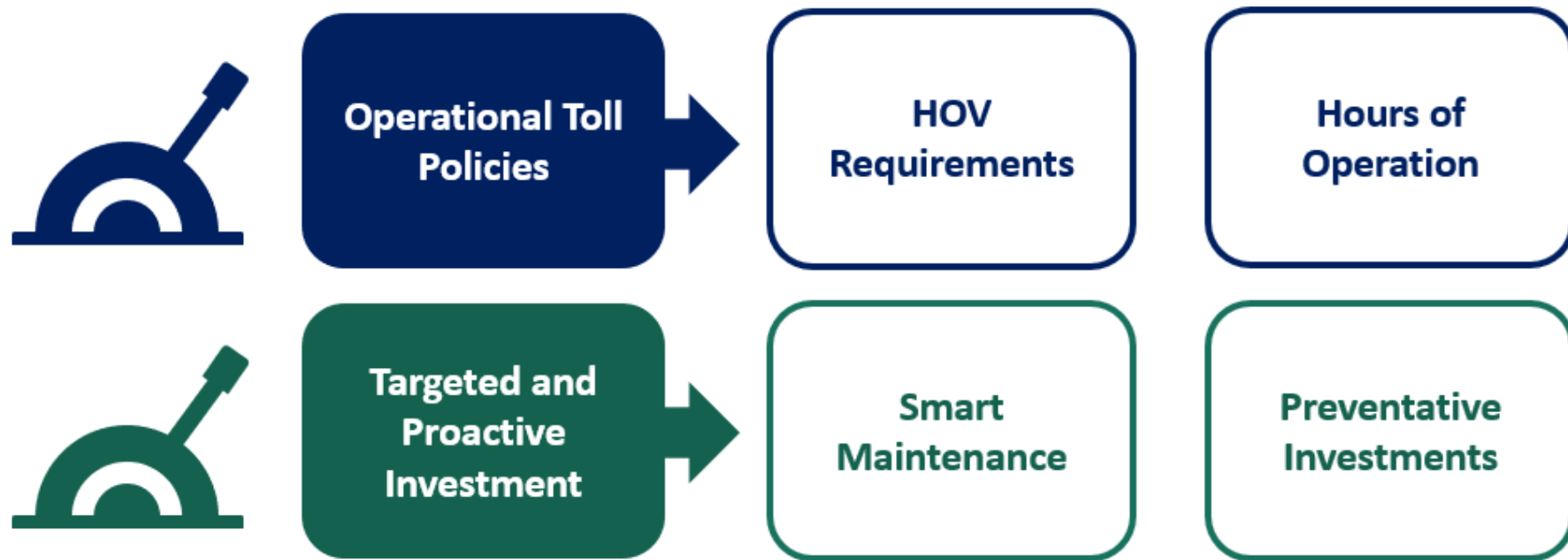
Operational Refinement

Evaluate operational and financial data on an ongoing basis to increase efficiency, reduce expenses, enhance performance, and deliver improved results for our customers



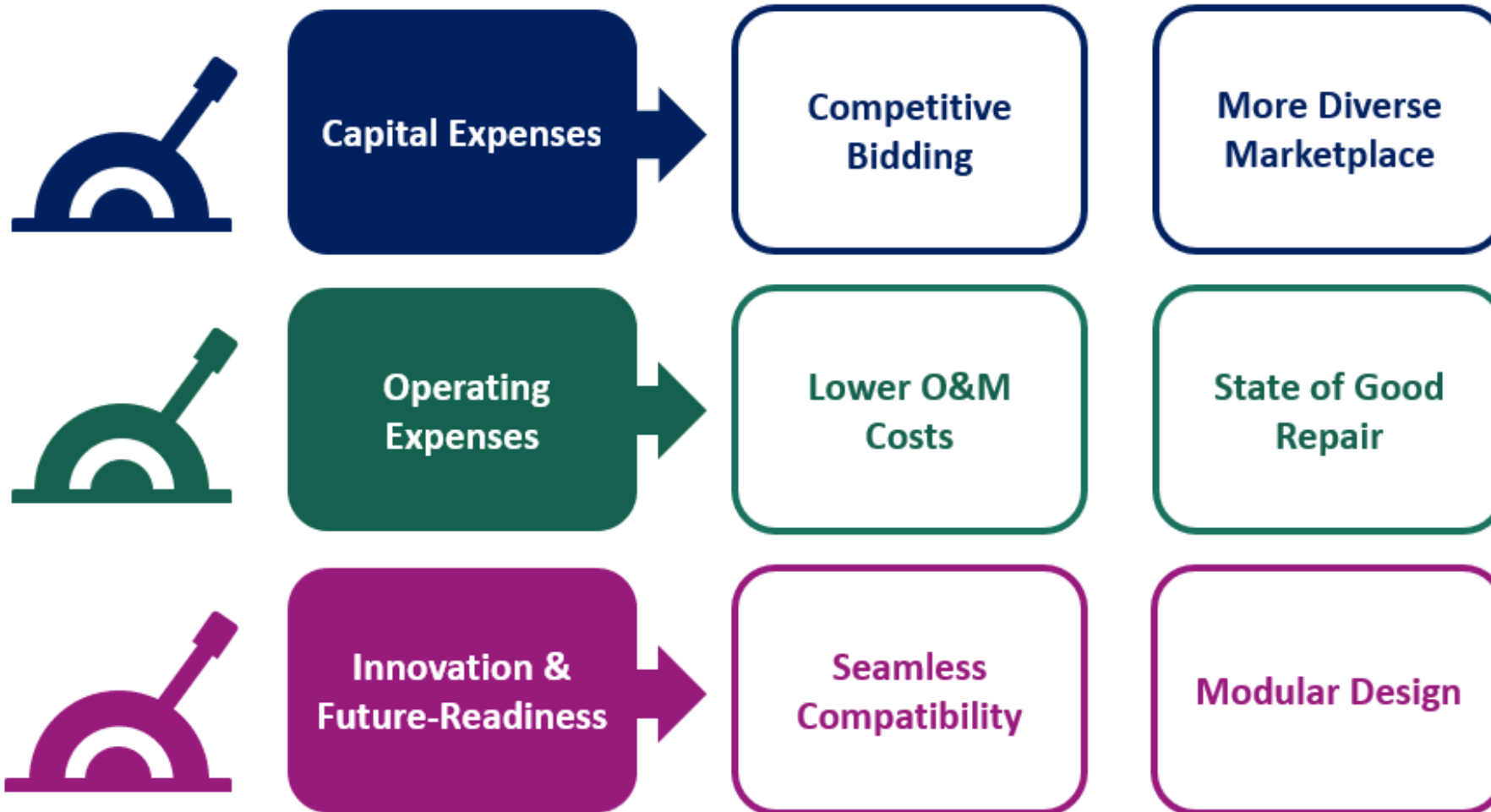
Solano I-80 Express Lanes Implementation

Deliver an Express Lane on the Interstate-80 corridor between Fairfield and Vacaville in Solano County, with toll commencement anticipated in the summer of 2025.



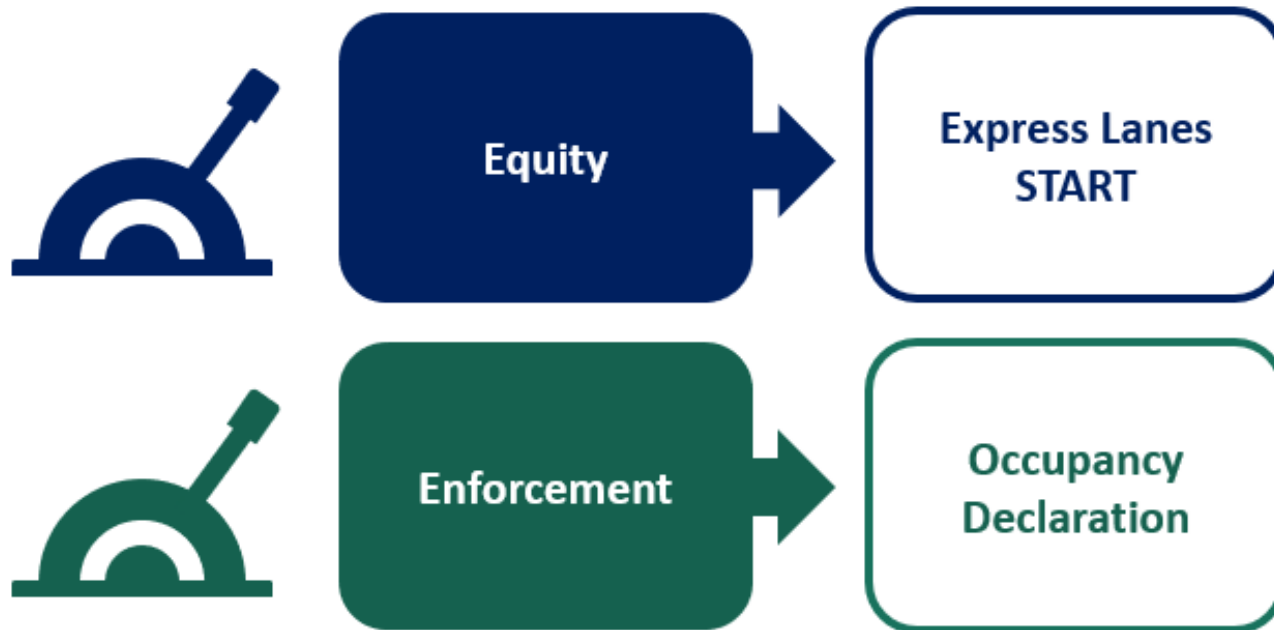
Next Generation Express Lane Toll System

Lifecycle replacement of the existing toll system, with planning underway for first replacement in 2026 and subsequent replacements through 2030.



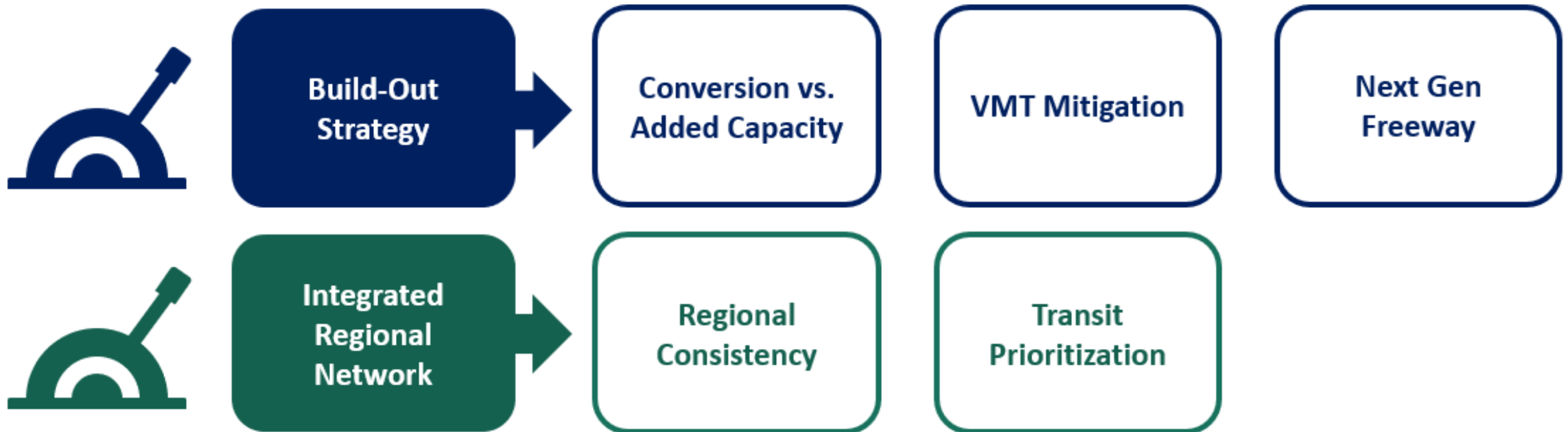
Pilot Programs, Innovation, and Deployment

Pilot programs provide opportunities to demonstrate innovative, equitable toll policies on a limited basis to evaluate feasibility, effectiveness and potential impact before wide-scale implementation.



Plan Bay Area 2050+ and Express Lanes Strategic Planning

Strategically aligning Express Lanes Network goals with PBA 2050+ and Regional Strategy goals over the next 18 months.



Next Steps

	Action	Timeline
1	Adopt 10-yr Financial Plan & Reserves Policy	March 2024
2	Adopt FY2024-25 Budget	June 2024
3	Adopt Remaining Revenue Framework	Fall 2024

Date: March 27, 2024
W.I.: 6840, 6861
Referred by: BAIFA Network and
Operations

ABSTRACT

BAIFA Resolution No. 52

This resolution adopts the BAIFA Express Lanes 10-Year Financial Plan for FY 2023-24 to FY 2032-33.

Further discussion of the BAIFA Operating and Capital Budgets is contained in BAIFA Network and Operations Committee's Summary Sheet dated March 8, 2024.

Date: March 8, 2024
W.I.: 6840, 6861
Referred by: BAIFA Network and
Operations

Re: Bay Area Infrastructure Financing Authority Express Lanes 10-Year Financial Plan for
Fiscal Years 2023-24 to 2032-33

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY
RESOLUTION NO. 52

WHEREAS, the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”) have executed a joint exercise of powers agreement dated as of August 1, 2006, as amended, which created and established the Bay Area Infrastructure Financing Authority (“BAIFA”): and

WHEREAS, BAIFA staff has prepared a 10-year Financial Plan setting forth the anticipated revenues and expenditures of BAIFA for FY 2023-24 to 2032-33; now, therefore, be it

WHEREAS, the adoption of the Express Lanes 10-Year Financial Plan is not a budgetary action; and

WHEREAS, the final draft Express Lanes 10-Year Financial Plan was reviewed and recommended by the BAIFA Network and Operations Committee for approval; now, therefore, be it

RESOLVED, that BAIFA approves the Express Lanes 10-Year Financial Plan for Fiscal Years 2023-24 to 2032-33 attached hereto as Attachment A and incorporated herein as though set forth in length; and, be it further

RESOLVED, that the Executive Director or designee or Chief Financial Officer may approve adjustments to the Express Lanes 10-Year Financial Plan for FY 2023-24 to 2032-33 to improve the accuracy of the project information upon better revenue projections, cost estimates or schedule information, provided that there shall be no increase in the overall annual BAIFA operating or capital budget without prior approval of BAIFA.

BAY AREA INFRASTRUCTURE FINANCING
AUTHORITY

Alfredo Pedroza, Chair

The above resolution was entered into by the
Bay Area Infrastructure Financing Authority
at a regular meeting of the Board held in
San Francisco, California and at other remote
locations, on March 27, 2024.

Date: March 27, 2024
W.I.: 6840, 6861
Referred by: BAIFA

Attachment A
BAIFA Resolution No. 52

Bay Area Infrastructure Financing Authority (BAIFA)
Express Lanes 10-Year Financial Plan for FY 2023-24 to 2032-33

Express Lane Network Fiscal Year			Budget			Forecast						
			FY 2023	FY 2024	FY 2025	FY 2026	FY 2027	FY 2028	FY 2029	FY 2030	FY 2031	FY 2032
Total (FY 24-33)			Adding SOL 80 O&M (prorate)			680 N CC Go Live+Sol 80						
Operating Revenues			0.060.030.200.170.030.030.030.030.030.030.03									
Adjusted Gross Toll Revenue	805,226	56,000	59,104	66,905	77,088	79,759	81,760	83,811	85,913	88,068	90,277	92,542
Adjusted Gross Violation Revenue	106,708	7,150	7,570	7,760	9,328	10,868	11,141	11,421	11,707	12,001	12,302	12,610
Interest and Other Revenue	28,620	423	3,716	2,213	2,574	2,665	2,732	2,800	2,870	2,942	3,016	3,092
Total Adjusted Operating Revenue	940,554	63,573	70,390	76,878	88,990	93,292	95,632	98,031	100,490	103,011	105,595	108,244
Operating Costs												
Variable Operating Costs												
Total Variable Costs	217,481	10,787	13,372	16,129	19,811	20,966	21,911	22,899	23,931	25,010	26,137	27,316
Fixed Operating Costs												
Total Fixed Costs	257,711	15,129	15,123	19,177	24,461	25,699	26,557	27,444	28,360	29,307	30,286	31,297
Total Operating Costs	475,192	25,916	28,496	35,306	44,272	46,664	48,468	50,342	52,291	54,317	56,424	58,613
Operating Surplus (Deficit)												
Operating Surplus (Deficit)	465,361	37,657	41,895	41,572	44,718	46,628	47,165	47,689	48,199	48,694	49,171	49,630
Required Rehabilitation & Replacement (R&R) Costs												
Toll System												
Total Toll System R&R Costs	217,519	550	8,000	19,683	35,806	14,878	33,647	19,207	9,716	11,438	39,924	25,220
Backhaul Network Infrastructure												
Total Backhaul Network Infrastructure Costs	9,692	-	73	2,348	933	225	237	1,080	98	3,146	1,250	302
Civil I (LED Luminaires, Markings, etc.)												
Total Civil I Costs	33,971	-	-	3,983	-	175	10,224	-	-	10,970	5,804	2,815
Civil II (Barrier and Pavement Replacement)												
Total Civil II Costs	82,855	9,700	13,470	-	365	4,844	13,210	1,541	14,563	1,699	17,608	15,556
Express Lane Improvements												
Total Express Lane Improvement Costs	7,003	1,160	622	-	-	-	6,381	-	-	-	-	-
Total R&R Costs	351,040	11,410	22,165	26,015	37,103	20,122	63,699	21,828	24,377	27,253	64,585	43,893
Other Capital Projects												
Total Other Capital Projects Costs	20,000	-	-	-	20,000	-	-	-	-	-	-	-
Total R&R Costs	371,040	11,410	22,165	26,015	57,103	20,122	63,699	21,828	24,377	27,253	64,585	43,893
Facility Net Revenue												
Express Lane Network (before CapEx)												
Net Revenue In (Out)	94,322	26,247	19,730	15,558	(12,385)	26,506	(16,534)	25,861	23,822	21,440	(15,414)	5,737
Net Revenue Beginning Balance		74,277	100,524	120,254	135,812	123,426	149,933	133,399	159,260	183,082	204,523	189,109
Net Revenue Ending Balance		100,524	120,254	135,812	123,426	149,933	133,399	159,260	183,082	204,523	189,109	194,846

Category	Description and Examples
Revenue	Includes: Toll Revenue, Violation Fees, and Interest and Other Income
Fixed Operating & Maintenance (O&M)	Fixed costs are independent of lane usage and are generally a function of mileage. Includes toll system, roadway, enforcement, and staff costs.
Variable Operating & Maintenance (O&M)	Variable O&M costs are those tied to usage and include banking fees, manual image review, and other transaction costs.
Rehab & Replacement (R&R)	Express Lanes R&R costs include toll system replacement and civil asset rehabilitation and replacement included as Civil I or Civil II.
Civil I	Express Lanes R&R of civil assets generally performed by BAIFA contractors. Includes pavement marking and restriping
Civil II (Caltrans SHOPP)	Express Lanes R&R of civil assets generally performed by Caltrans and included as capital asset preventative maintenance (CAPM) projects identified in the 10-year State Highway Operation and Protection Program (SHOPP). Includes pavement rehabilitation and replacement and median barrier replacement, with BAIFA's proportional share determined in accordance with the BAIFA and Caltrans Operations and Maintenance Agreement.

Revenue/Expense Category	Annual Escalation Assumption
Revenue	2.5%, to match the observed Compound Average Growth Rate (CAGR) of revenue on CC-680 southbound between FY 2017-18 and FY 2021-22.
Fixed Operating & Maintenance (O&M)	3.3%, based on the average 10-year CAGR of the Consumer Price Index for the Bay Area.
Variable Operating & Maintenance (O&M)	4.5%, adding 2.0% unit price escalation to the assumed 2.5% revenue escalation
Rehab & Replacement (R&R)	5.0%, consistent with planning-level assumptions in Plan Bay Area 2050

Legislation Details (With Text)

File #:	24-0300	Version:	1	Name:	
Type:	Resolution	Status:		Authority Approval	
File created:	2/8/2024	In control:		Bay Area Infrastructure Financing Authority Network and Operations Committee	
On agenda:	3/8/2024	Final action:			

Title: BAIFA Resolution No. 53 - Bay Area Infrastructure Financing Authority (BAIFA) Reserves Policy

Request for approval of BAIFA Resolution No. 53 adopting the BAIFA Reserves Policy beginning Fiscal Year (FY) 2024-25.

Sponsors:

Indexes:

Code sections:

Attachments: [3b 24-0300 Summary BAIFA Reso 0053 BAIFA Reserves Policy.pdf](#)
[3b 24-0300 Presentation BAIFA Reso 0053 Express Lanes Reserves Policy.pdf](#)
[3b 24-0300 BAIFA Resolution 0053.pdf](#)
[5bi 24-0300 Summary Sheet-BAIFA-RES 0053-Reserves Policy.pdf](#)
[5bii 24-0300 TEMP-BAIFA-RES-0053.pdf](#)
[5biii 24-0300 PowerPoint BAIFA RES 0053 EL Reserves Policy.pdf](#)

Date	Ver.	Action By	Action	Result
3/8/2024	1	Bay Area Infrastructure Financing Authority Network and Operations Committee		

Subject:

BAIFA Resolution No. 53 - Bay Area Infrastructure Financing Authority (BAIFA) Reserves Policy

Request for approval of BAIFA Resolution No. 53 adopting the BAIFA Reserves Policy beginning Fiscal Year (FY) 2024-25.

Presenter:

Ken Hoang

Recommended Action:

Authority Approval

Attachments:

**Bay Area Infrastructure Financing Authority
Network and Operations Committee**

March 8, 2023

Agenda Item 5b

**BAIFA Resolution No. 53 – Bay Area Infrastructure Financing Authority (BAIFA)
Reserves Policy**

Subject:

Request for approval of BAIFA Resolution No. 53 adopting the BAIFA Reserves Policy beginning Fiscal Year (FY) 2024-25.

Background:

Per California Streets and Highway Code §149.7, reserves for the development, maintenance, repair, rehabilitation, improvement, reconstruction, administration, and operation of the toll facility are considered eligible direct expenses to be funded by revenues generated from the operation of the CTC-Authorized BAIFA Express Lanes Facility (“Facility”). BAIFA’s authorized Facility includes 285 miles of high occupancy toll lanes and is comprised of five freeway routes: Interstate 80 (“I-80”) in Alameda, Contra Costa and Solano counties, Interstate 680 (“I-680”) in Solano and Contra Costa counties, Interstate 880 (“I-880”) in Alameda County, State Route 84 (“SR-84”) in Alameda County and State Route 92 (“SR-92”) in Alameda County. To date, the Contra Costa I-680 Express Lanes and Alameda I-880 are in operation, while the Solano I-80 Express Lanes are under construction.

BAIFA’s Reserves Policy creates three reserves: (1) the Operations & Maintenance (O&M) Reserve, (2) the Emergency Reserve, and (3) the Capital Repair and Replacement (R&R) Reserve. The Reserves Policy sets forth appropriate levels of financial reserves for the Facility to ensure financial stability, mitigate financial risks such as revenue shortfalls or unanticipated costs, and maintain the long-term sustainability of the Express Lanes program, ensuring that the program can adapt to changing circumstances and maintain its operations over time. The Reserves Policy identifies the replenishment amount and conditions of fund withdrawal for each of the three reserves. The Reserves Policy was developed based on BAIFA’s annual Operating and Capital Budget adoption, and the 10-Year Financial Plan, which projects O&M and R&R needs of the Facility between FY 2023-24 and 2032-33.

1. Operations & Maintenance (O&M) Reserve:

The purpose of the Operations & Maintenance (O&M) Reserve is to safeguard funding for budgeted O&M expenses of the Facility in the event of revenue shortfalls, interruptions in revenue collection due to non-physical impacts (e.g., pandemic, public evacuation, cybersecurity breach etc.), or to fund unanticipated O&M expenses.

Generally, O&M expenses are classified as variable (i.e., costs incurred on a transaction basis) and fixed (i.e., costs incurred as part of the enterprise business activities). Fixed O&M expenses include costs such as salaries and benefits, overhead, audit and accounting costs, utility payments, toll system maintenance, roadway maintenance, etc. These costs are considered necessary to maintain operations of the Express Lane enterprise, regardless of transaction volume.

Therefore, the O&M Reserve is equal to twelve (12) months of fixed O&M expenses, which include essential operating needs of the Facility. The fixed O&M expenses are calculated by staff based on the adopted BAIFA Annual Operating Budget for such Fiscal Year.

2. Emergency Reserve:

The purpose of the Emergency Reserve is to safeguard funding for reconstruction, repair and operations of the Facility in the event of a major emergency. Major emergencies include natural Act of God disasters (e.g., earthquake, flood, extreme winds, subsidence, wildfire etc.) and manmade disasters (catastrophic accident, terrorist attack etc.).

The Emergency Reserve holds no less than \$25 million as an extraordinary loss account solely for the purpose of funding major emergency reconstruction, repair, and operations of the Facility. If needed, the Emergency Reserve will be supplemented by the Capital Repair and Replacement (R&R) Reserve.

3. Capital Repair and Replacement (R&R) Reserve:

The purpose of the Capital Repair and Replacement (R&R) Reserve is to safeguard funding for budgeted R&R expenses of the Facility. R&R activities include rehabilitation of the Facility's infrastructure and equipment, which generally have a lifecycle between six and ten years for toll equipment and 10 to 40 years for civil assets.

R&R expenditures are cyclical and have high sunk costs, particularly the Roadside Toll System and civil pavement activities. Coupled with the varying operational go-live dates of different corridors and segments, BAIFA must accumulate adequate reserves to fund these projects.

The Capital R&R Reserve would be equal to the maximum total of three (3) consecutive years of anticipated R&R costs, as identified in the BAIFA 10-Year Financial Plan. Funds from the Capital R&R Reserve would be used and withdrawn to fund anticipated capital rehabilitation and lifecycle replacement costs, as determined in BAIFA's Express Lane Rehabilitation Budget or to fund major emergency reconstruction and repair of any of the Facility's infrastructure and equipment, supplementing the Emergency Reserve.

Next Steps:

The timing of filling and replenishing reserves is affected by factors such as cash flow needs, reserve levels, and fund availability. Initially, we would distribute the existing accumulated revenue equally among the three reserves. Subsequently, we would recommend continuing to add to the reserves until they reach full capacity and consistently replenish them as they are drawn down. This will be done as part of the annual budget process, and is subject to Authority approval as part of that process.

Recommendations:

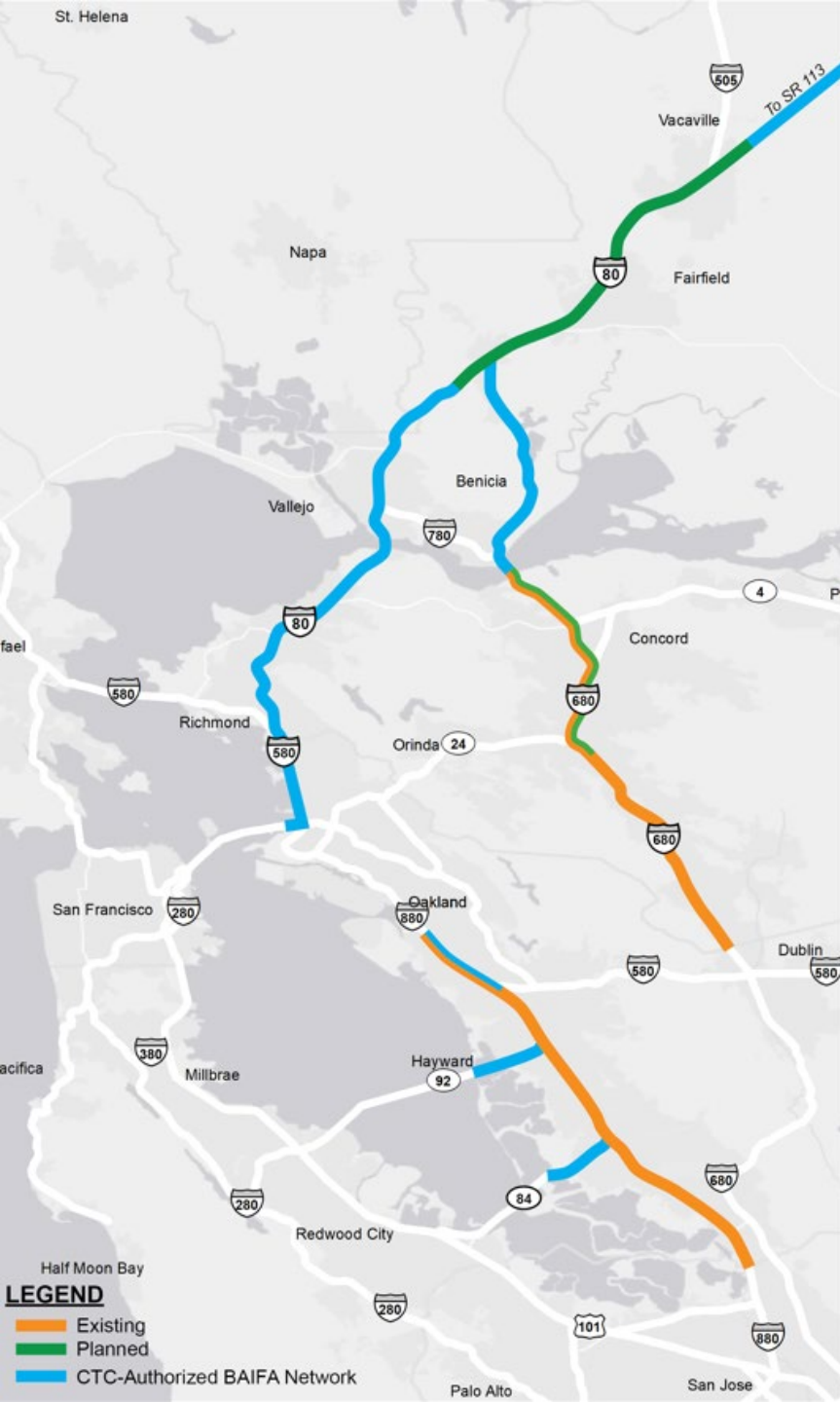
Staff recommends that this Committee refer BAIFA Resolution No. 53 – Reserves Policy, to the Authority for approval.

Attachments:

- Attachment A: PowerPoint
- Attachment B: BAIFA Resolution No. 53



Andrew B. Fremier



BAIFA Resolution No. 53 - Bay Area Infrastructure Financing Authority (BAIFA) Reserves Policy

BAIFA Network and Operations Committee

March 8, 2024

Reserves Policy Considerations

Fund	Considerations	Estimated Range
O&M Reserve Fund	Safeguard 12 months of Fixed O&M costs for operations.	\$20 M - \$30 M
Emergency Reserve Fund	Safeguard funding for emergency reconstruction, repair, and operations.	\$25M
Capital R&R Reserve Fund	Safeguard 3-year maximum of R&R costs for essential R&R needs, including any shortfall needed for emergencies.	\$135M
Total Reserves	Preliminary Range	\$180 M - \$190 M

Date: March 27, 2024
W.I.: 6840, 6861
Referred by: BAIFA Network and
Operations

ABSTRACT

BAIFA Resolution No. 0053

This resolution adopts the Reserves Policy for the Bay Area Infrastructure Financing Authority (BAIFA).

Further discussion of the BAIFA Reserves Policy is contained in BAIFA's Reserves Policy Summary Sheet dated March 8, 2024.

Date: March 27, 2024
W.I.: 6840, 6861
Referred by: BAIFA Network and
Operations

Re: Bay Area Infrastructure Financing Authority Reserves Policy

BAY AREA INFRASTRUCTURE FINANCING AUTHORITY
RESOLUTION NO. 53

WHEREAS, the Metropolitan Transportation Commission (“MTC”) and the Bay Area Toll Authority (“BATA”) have executed a joint exercise of powers agreement dated as of August 1, 2006, as amended, which created and established the Bay Area Infrastructure Financing Authority (“BAIFA”); and

WHEREAS, BAIFA staff has prepared a Reserves Policy setting forth appropriate levels of financial reserves to ensure financial stability, mitigate financial risks such as revenue shortfalls or unanticipated costs, and maintain the long-term sustainability of the Express Lanes program, ensuring that the program can adapt to changing circumstances and maintain its operations over time; now, therefore be it

RESOLVED, that BAIFA creates three reserves, the Operations & Maintenance (O&M) Reserve, the Emergency Reserve and the Capital Repair & Replacement (R&R) Reserve; and be it further

RESOLVED, that BAIFA shall establish, hold and maintain an O&M Reserve equal to twelve (12) months of fixed budgeted O&M expenses for such Fiscal Year, as calculated by staff; and be it further

RESOLVED, that amounts on deposit in the O&M Reserve shall be used and withdrawn by BAIFA solely to pay for budgeted O&M expenses in the event of revenue shortfalls, interruptions in revenue collection or to fund unanticipated O&M expenses; and be it further

RESOLVED, that BAIFA shall establish, hold and maintain an Emergency Reserve of no less than \$25 million as an extraordinary loss account solely for the purpose of funding major emergency reconstruction, repair, and operations of any of the Express Lanes; and be it further

RESOLVED, that amounts on deposit in the Emergency Reserve shall be used and withdrawn in emergency situations, including natural Act of God or man-made disasters, that necessitate immediate action as determined by either the Executive Director or Designee; and be it further

RESOLVED, that BAIFA shall establish, hold and maintain a Capital R&R Reserve equal to the maximum total of three (3) consecutive years of anticipated R&R costs, as identified in the BAIFA adopted Express Lanes 10-Year Financial Plan; and be it further

RESOLVED, that amounts on deposit in the Capital R&R Reserve shall be used and withdrawn to fund anticipated capital rehabilitation and lifecycle replacement costs, as determined in BAIFA's Express Lane Rehabilitation Budget or to fund major emergency reconstruction and repair of any of the Express Lanes supplementing the Emergency Reserve; and be it further

RESOLVED, that staff shall furnish BAIFA with the budgeted and actual reserve amounts as part of BAIFA's annual Operating and Capital Budget.

BAY AREA INFRASTRUCTURE FINANCING
AUTHORITY

Alfredo Pedroza, Chair

The above resolution was entered into by the Bay Area Infrastructure Financing Authority at a regular meeting of the Board held in San Francisco, California and at other remote locations, on March 27, 2024.