



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

## Meeting Agenda

### Metropolitan Transportation Commission Workshop

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Thursday, April 25, 2024

9:00 AM

Westin Hotel, 302 South Market Street, San  
Jose, CA 95113

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Day 2 of the Metropolitan Transportation Commission and Bay Area Toll Authority Workshop is scheduled to be held on Thursday, April 25, 2024 at 9:00 a.m. at the Westin Hotel, 302 South Market Street, San Jose, CA 95113.

Meeting attendees may opt to attend in person for public comment and observation. In-person attendees must adhere to posted public health protocols while in the building. A recording of the workshop will be made available at <https://mtc.ca.gov/meetings-events>.

Members of the public may submit comments by email at [info@bayareametro.gov](mailto:info@bayareametro.gov) by 5:00 p.m. the day before the scheduled meeting date. Please include the committee or board meeting name 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.  
The Chair may adjust the order and timing of all agenda items.

#### Commission 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. Sperling, Sheng Thao

\*Non-Voting Members

**Thursday, April 25, 2024 (9:00 a.m. - 2:00 p.m.)****1. Welcome to Day 2 (Chair Pedroza)****2. PBA2050+ Update and Related SB 1031 Policy Decisions (9:10 a.m. - 11:00 a.m.)**

- 2a. [24-0612](#) Staff will provide an update on Plan Bay Area 2050+, including key issues and tradeoffs related to fiscally constraining the plan's transportation element and achieving the plan's statutorily required greenhouse gas (GHG) emissions reduction target.

The Commission will discuss the interplay between PBA 2050+ and the proposed regional transportation measure (SB 1031) funding levels, expenditure framework and project eligibility.

**Action:** Information

**Presenter:** Matt Maloney, Chirag Rabari and Rebecca Long

**Attachments:** [Day2\\_2a\\_Summary\\_Sheet\\_Plan\\_Bay\\_Area\\_2050+\\_Update.pdf](#)  
[Day2\\_2a\\_Attachment\\_A\\_PBA2050+\\_Commission\\_Workshop\\_042524.pdf](#)  
[Day2\\_2a\\_Attachment\\_B\\_Plan\\_Bay\\_Area\\_2050+\\_Context-Setting\\_on\\_Megaproje](#)  
[Day2\\_2a\\_Attachment\\_C\\_SB\\_1031.pdf](#)

**3. Lunch and San Jose Walking Tour (11:00 a.m. - 12:30 p.m.)****4. Bay Area Toll Authority (BATA): Stewardship and Investments (12:30 p.m. - 2:00 p.m.)**

- 4a. [24-0613](#) Staff will provide an overview of the BATA toll bridge program and toll revenue portfolio, including investor communication, capital structure, debt issuance considerations, asset management and rehabilitation program funding needs.

Commissioners will have an opportunity to take a deeper dive into investment and policy decisions for BATA, and better understand the outlook in terms of needs and revenues to keep the bridges in a state of good repair.

**Action:** Information

**Presenter:** Derek Hansel and Lisa Klein

**Attachments:** [Day2\\_4a\\_Summary\\_Sheet\\_BATA\\_Stewardship\\_and\\_Investments.pdf](#)  
[Day2\\_4a\\_Attachment\\_A\\_BATA\\_Stewardship\\_and\\_Investments.pdf](#)  
[Day2\\_4a\\_Attachment\\_B\\_Key\\_Indenture\\_Covenants.pdf](#)  
[Day2\\_4a\\_Attachment\\_C\\_CIP\\_Summary.pdf](#)

**5. Public Comment / Other Business**

**6. Adjournment / Next Meeting:**

**The next meetings of the Metropolitan Transportation Commission, Bay Area Housing Finance Authority (BAHFA), Bay Area Toll Authority (BATA), Bay Area Infrastructure Finance Authority (BAIFA), and Bay Area Headquarters Authority are scheduled to be held on Wednesday, May 22, 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 Committee meetings by completing a request-to-speak card (available from staff) and passing it to the Committee 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 Committee 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:** Committee 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](http://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 Titulo 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.

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Attachments are sent to Committee 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 Committee. Actions recommended by staff are subject to change by the Committee.



# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

**File #:** 24-0612      **Version:** 1      **Name:**  
**Type:** Report      **Status:** Informational  
**File created:** 4/17/2024      **In control:** Metropolitan Transportation Commission Workshop  
**On agenda:** 4/25/2024      **Final action:**

**Title:** Staff will provide an update on Plan Bay Area 2050+, including key issues and tradeoffs related to fiscally constraining the plan's transportation element and achieving the plan's statutorily required greenhouse gas (GHG) emissions reduction target.

The Commission will discuss the interplay between PBA 2050+ and the proposed regional transportation measure (SB 1031) funding levels, expenditure framework and project eligibility.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Day2\\_2a\\_Summary\\_Sheet\\_Plan\\_Bay\\_Area\\_2050+\\_Update.pdf](#)  
[Day2\\_2a\\_Attachment\\_A\\_PBA2050+\\_Commission\\_Workshop\\_042524.pdf](#)  
[Day2\\_2a\\_Attachment\\_B\\_Plan\\_Bay\\_Area\\_2050+\\_Context-Setting\\_on\\_Megaprojects.pdf](#)  
[Day2\\_2a\\_Attachment\\_C\\_SB\\_1031.pdf](#)

Date	Ver.	Action By	Action	Result
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### Subject:

Staff will provide an update on Plan Bay Area 2050+, including key issues and tradeoffs related to fiscally constraining the plan's transportation element and achieving the plan's statutorily required greenhouse gas (GHG) emissions reduction target.

The Commission will discuss the interplay between PBA 2050+ and the proposed regional transportation measure (SB 1031) funding levels, expenditure framework and project eligibility.

### Presenter:

Matt Maloney, Chirag Rabari and Rebecca Long

### Recommended Action:

Information

# Metropolitan Transportation Commission

## Commission Workshop (Day 2)

April 25, 2024

Agenda Item 2a

### Plan Bay Area 2050+ Update and Related SB 1031 Policy Decisions

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#### **Subject:**

Update on Plan Bay Area 2050+, including key issues and tradeoffs related to fiscally constraining the plan's transportation element and achieving the plan's statutorily required greenhouse gas (GHG) emissions reduction target.

#### **Background:**

In July 2023, MTC/ABAG kicked off Plan Bay Area 2050+, a limited and focused update to the regional vision for transportation, housing, economic development, and environmental resilience. In parallel, staff have been advancing the Transit 2050+ effort in close coordination with transit operators to “fund, develop and adopt a Bay Area Connected Network Plan” by applying a connected network planning approach to update the transit-related strategies in Plan Bay Area 2050's Transportation Element.

Following an extensive first round of engagement in the latter half of 2023, the Joint MTC Planning Committee with the ABAG Administrative Committee approved revised Plan Bay Area 2050+ Draft Blueprint strategies and growth geographies for further study in January 2024. In February 2024, staff provided an update on Transit 2050+, including preliminary findings related to existing conditions and identified needs and gaps for the region's transit system.

#### **Long-Range Plan Federal and State Planning Requirements:**

Developed in compliance with federal and state regulations and guidelines, Plan Bay Area satisfies Regional Transportation Plan (RTP) and Sustainable Communities Strategy (SCS) requirements for the nine-county San Francisco Bay Area. Among other requirements, the long-range plan must: (1) contain a fiscally-constrained transportation project list; (2) reduce per-capita greenhouse gas (GHG) emissions from light-duty vehicles; and (3) receive approval from federal state regulators, including the California Air Resources Board (CARB). However, due to

various changes in the overall planning context since the adoption of the previous plan in October 2021, staff anticipate several challenges in addressing these requirements.

**Transportation Element Fiscal Constraint Challenges:**

At \$382 billion, the plan’s Transportation Element features similar *needs* compared to Plan Bay Area 2050, reflecting costs to operate, maintain and optimize the existing transportation network. However, transportation *revenues* have declined by \$95 billion, from \$591 billion in Plan Bay Area 2050 to \$496 billion in the Plan Bay Area 2050+ Draft Blueprint. The reduction is largely driven by the decline in fare revenues due to lower transit ridership, as well as a smaller assumed regional revenue measure and less net revenues from pricing strategies. With less overall revenue, available funding for transportation system enhancement and expansion is just over half what it was in the prior plan, from \$210 billion in the previous plan to \$114 billion in the Draft Blueprint. Despite the overall decline, Plan Bay Area 2050+ still assumes major changes to the status quo – including new taxes, a mileage-based user fee, all-lane tolling, and expanded parking pricing – to generate \$87 billion in anticipated, new and strategy-generated revenues.

New and Anticipated Revenues through 2050	
Future Federal/State Administrations Approve Stimulus Bills (or equivalent)	\$16 billion
By 2028: Voters Approve Regional Transportation Measure	\$32 billion
By 2030: Regional Mileage-Based User Fee Placed on All VMT	\$12 billion
By 2035: All Growth Geographies Charge for Parking	\$13 billion
By 2035: All-Lane Tolling Implemented on All Congested Freeways	\$13 billion
<b>Total</b>	<b>\$87 billion</b>

Rising transportation projects costs are an additional challenge. A sample of 10 “megaprojects” from Plan Bay Area 2050, for example, have increased in combined costs from \$68 billion in Plan Bay Area 2050 to \$112 billion (draft) in Plan Bay Area 2050+. If prioritized for inclusion in Plan Bay Area 2050+, these projects would encompass nearly the entire “draft budget” for non-

O&M strategies – precluding investments in many other critical categories, including GHG-reducing climate strategies and Transit Transformation Action Plan priorities, among others.

Given these dynamics, some projects and programs included in Plan Bay Area 2050 will need to be delayed, scoped down, or removed to meet fiscal constraint and GHG-reduction requirements (assuming we proceed with the proposed revenue levels and adopt a plan that achieves the GHG target). For more information on the Plan Bay Area 2050+ transportation revenue forecast and assumptions, please see **Attachment A**. For more information on megaproject cost escalation, please see **Attachment B**.

#### **Statutory Climate Target Challenges:**

Plan Bay Area 2050 met and exceeded the target set by CARB to reduce per-capita GHG emissions from light-duty vehicles by 19 percent from 2005 levels by the year 2035. However, preliminary analysis suggests that Plan Bay Area 2050 strategies with updated assumptions will fall short of meeting the 19% target by 2 to 4 percentage points, driven by changes in the broader planning context over the last few years, including lower population growth and less transit use.

This initial GHG “gap” for the Plan Bay Area 2050+ Draft Blueprint will likely worsen to a 4 to 6 percentage point gap as analysis proceeds in spring 2024, most notably because there are fewer financial resources to invest in improving and expanding the transportation system compared to Plan Bay Area 2050. Closing the gap will be difficult this planning cycle because many of the land use and transportation strategies leveraged in prior planning cycles have been “maxed out” and are unlikely to generate additional GHG reduction benefits. For more information, please see **Attachment A**.

There are several consequences if Plan Bay Area 2050+ does not achieve its climate target:

- It would jeopardize approval of the federal Regional Transportation Plan (RTP), potentially hindering transportation projects from moving forward;
- The region would be ineligible to receive funding from certain state programs, which have provided \$1.2 billion in funding for 20 Bay Area projects since 2017; and



- MTC/ABAG would be required to prepare an alternative planning strategy (APS); to date, no region in the state has failed to meet their SB 375 climate target.

**Next Steps:**

Later this spring, staff will release the Draft Blueprint's equity and performance outcomes, followed by release of the Project Performance Assessment and Draft Transit 2050+ Network in July. Round 2 engagement activities to further inform the development of the Final Blueprint will commence over summer 2024, and the plan's final transportation revenue forecast will be developed. MTC and ABAG Executive Board approval of Final Blueprint strategies is anticipated in fall 2024. This action will include both the Transit 2050+ network and the plan's Transportation Project List. For more information on the near-term timeline for addressing the plan's transportation priorities, please see **Attachment A**.

**Relationship of Plan Bay Area 2050+ Challenges to SB 1031 (Wiener/Wahab):**

Since January 2024 when staff brought forward the legislative outline for a future regional transportation measure, advocates and some commissioners have raised concerns about the measure potentially funding highway widening projects due to concerns that highway widening projects typically (though not always) result in additional GHG emissions as a result of induced demand – i.e., the additional roadway capacity encourages more driving. While the Commission's priority in sponsoring SB 1031 is to provide additional regional funding to avert a transit fiscal cliff and *improve* transit service, the Commission has also made clear its support for a measure with multimodal investments and benefits. As such, the bill requires that the bill steer a minimum 45 percent of the revenue dedicated to public transit, 25 percent to Safe Streets, 15 percent to a multimodal Connectivity Program and 15 percent to a Flex category to ensure that each county receives at least 70 percent of the revenue they contribute towards the measure back in project and program benefits. Funds from the Flex category can be spent on eligible expenses within the other programs.

The Connectivity Program is the program category for which highway improvements are an eligible expenditure. The current bill language states that investments “include highway, transit, and rail mobility projects that close gaps and relieve bottlenecks in the existing transportation

network in a climate-neutral manner, resilience improvements that protect transportation infrastructure from climate-fueled natural hazards, and transportation safety improvements, including, but not limited to, grade separations.” Additionally, the bill requires that Connectivity Projects must be included in or determined by the Commission to be consistent with an adopted SCS. As such, the policy consideration at hand is whether to provide more specificity as to what types of highway projects are eligible within the Connectivity Program.

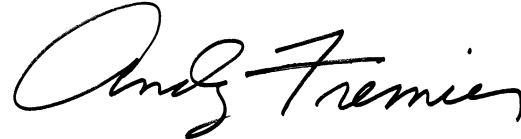
**Issues:**

There are several key issues that will require Commissioner input and consideration as the Plan Bay Area 2050+ Final Blueprint is developed over the remainder of 2024 and negotiations continue on SB 1031 to authorize a future regional transportation measure (Connect Bay Area).

<b>Issue #1: Right-Sizing Revenue Assumptions</b>	Have staff found the right balance with the plan’s new transportation revenue assumptions? Supplementing revenues would accommodate more investments, but this would mean more taxes, tolling, and/or fees.
<b>Issue #2: Weighing Pricing Strategies</b>	Should MTC expand, preserve, postpone, or remove the plan’s pricing strategies, which generate revenues and reduce emissions but face significant implementation challenges?
<b>Issue #3: Prioritizing Climate Target Investments</b>	Given limited revenues, should MTC prioritize cost-effective strategies that will help achieve the plan’s GHG target? This would require de-emphasizing major rail and highway projects in favor of less expensive clean vehicle and customer-focused transit enhancement strategies, among others.
<b>Issue #4: Highway Project Eligibility in SB 1031 (Wiener/Wahab)</b>	Given PBA 2050+ analysis indicating the Plan’s overall revenue constraints as well as the challenge of meeting the region’s GHG targets, what limits, if any, should be placed on highway widening within the SB 1031 Connectivity Program?

**Attachments:**

- Attachment A: Presentation on Plan Bay Area 2050+
- Attachment B: Context-Setting on Transportation Megaproject Costs
- Attachment C: Presentation on SB 1031 (Wiener/Wahab)

A handwritten signature in black ink, reading "Andy Fremier". The signature is fluid and cursive, with the first name "Andy" and last name "Fremier" clearly distinguishable.

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Andrew B. Fremier





PLAN BAY AREA 2050 +



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

TRANSIT 2050 +

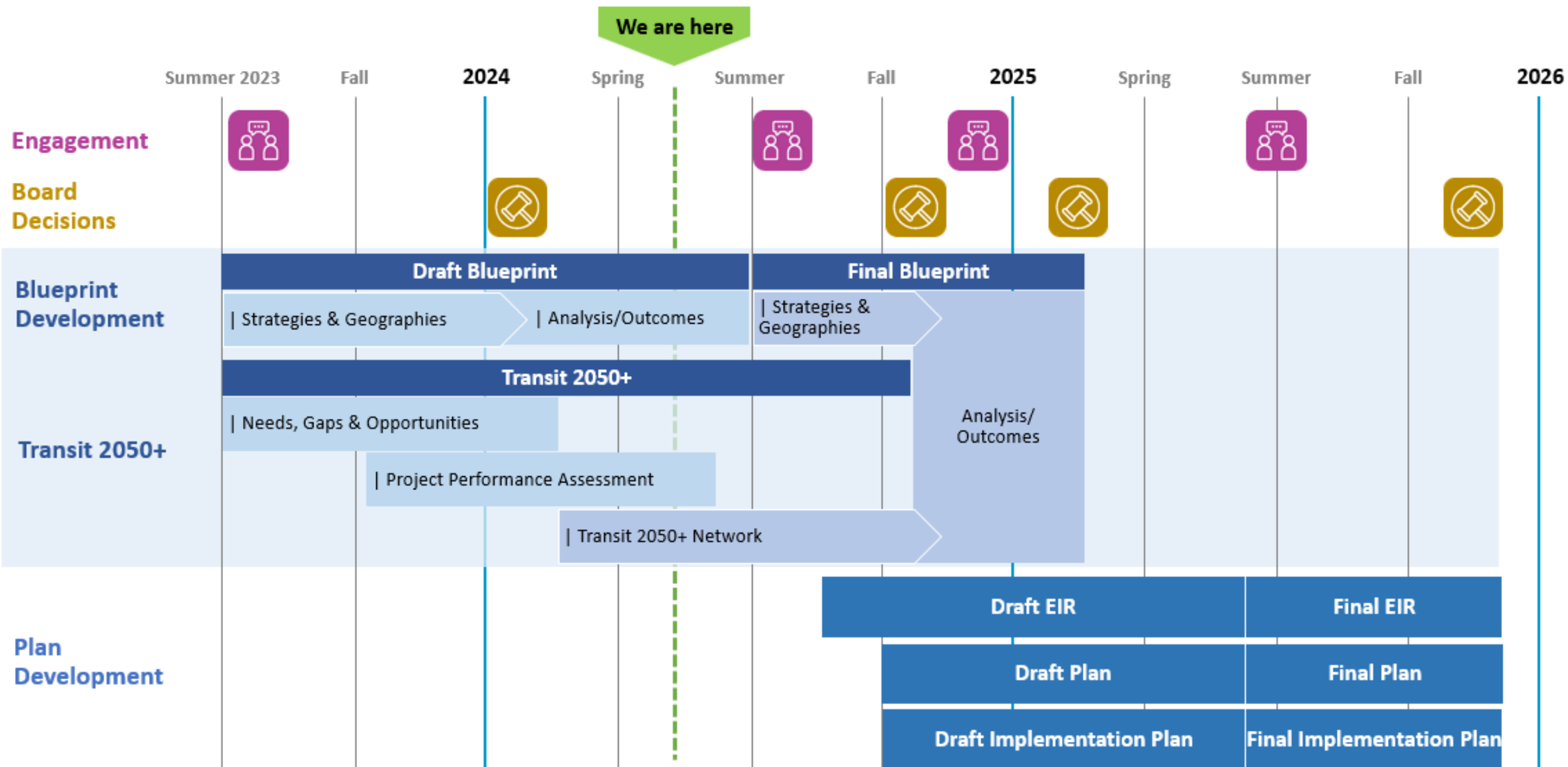
# Plan Bay Area 2050+ Update: Focusing on Transportation Element Policy Tradeoffs

*Metropolitan Transportation Commission Workshop*

April 25, 2024



# Plan Bay Area 2050+: Schedule



\* Dates are tentative and subject to change

# Long-Range Plan Federal and State Requirements

Among other requirements, Plan Bay Area must:

**Be Updated Every  
Four Years**

**Coordinate Long-  
Range Transportation,  
Housing and Land Use  
Planning**

**Reduce Per-Capita  
Greenhouse Gas  
(GHG) Emissions from  
Light-Duty Vehicles**

**Include a Robust  
Public Process, in  
Collaboration with  
Key Partners**

**Contain a Fiscally-  
Constrained  
Transportation  
Project List**

**Receive Approval  
from Federal and  
State Regulators,  
including CARB**



*= primary focus for today's workshop*

# Key Issues to Consider Today



## Right-Sizing Revenue Assumptions

Have staff **found the right balance** with the plan's new transportation revenue assumptions? Supplementing revenues would accommodate more investments, but this would mean more taxes, tolling, and/or fees.



## Weighing Pricing Strategies

Should MTC **expand, preserve, postpone, or remove** the plan's pricing strategies, which generate revenues and reduce emissions but face significant implementation challenges?



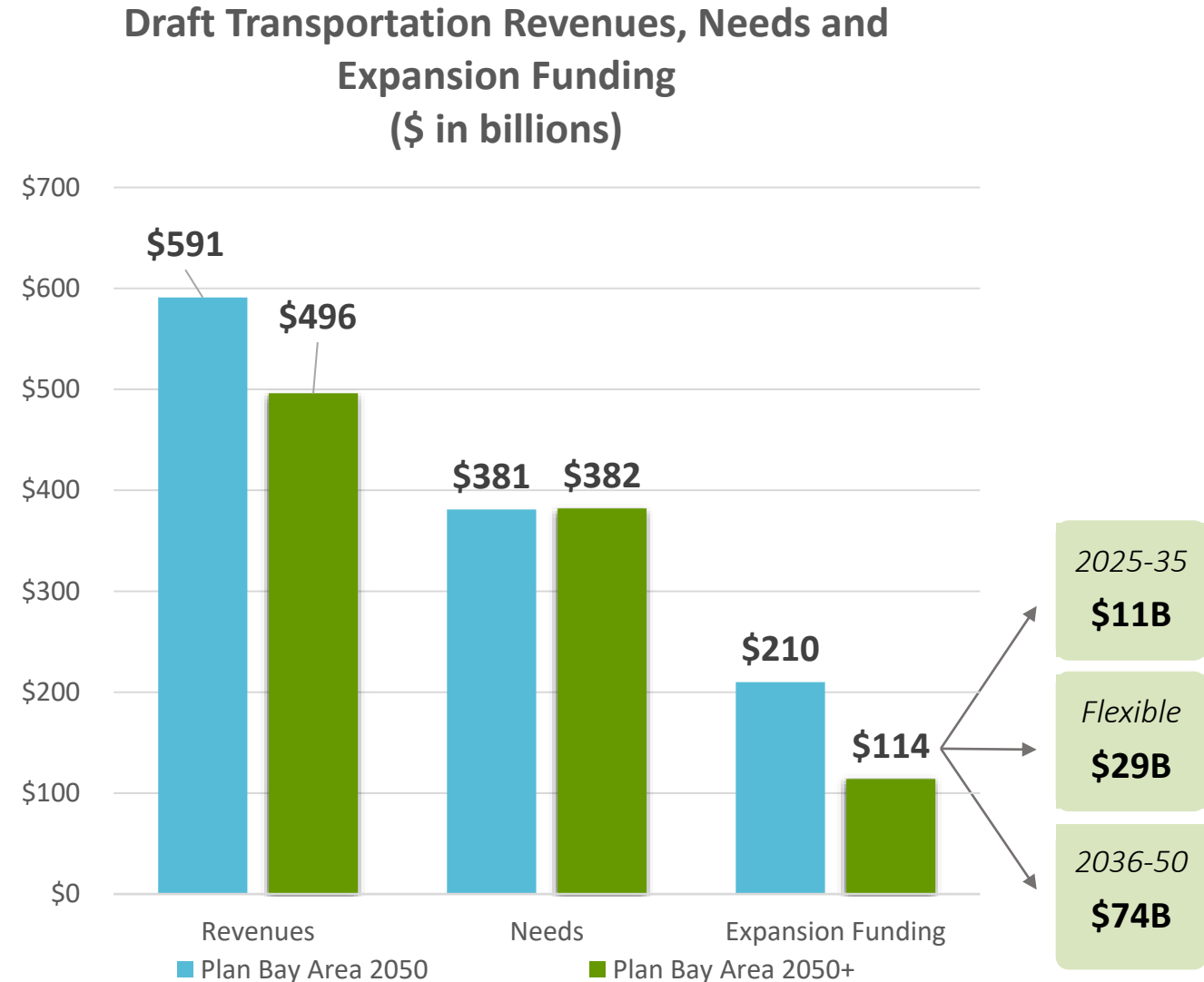
## Prioritizing Climate Target Investments

Given limited revenues, should MTC **prioritize cost-effective strategies** that will help achieve the plan's GHG target? This would require de-emphasizing major rail and highway projects in favor of less expensive clean vehicle and customer-focused transit enhancement strategies, among others.

# Fiscal Constraint Considerations for Transportation

## Similar Needs and Less Funding

- Costs to operate, maintain and optimize the transportation network are steady
- There is **just over half the funding for expansion, enhancement, and restoration** versus the prior plan, with mid-term funding (2025-2035) even more limited
- Projects and programs included in Plan Bay Area 2050 will need to be **delayed, scoped down, or removed** to meet fiscal constraint and GHG-reduction requirements



Note: A final transportation needs and revenue forecast for Plan Bay Area 2050+ will be developed over the coming months.



# Refresher: Forecasting Draft Revenues

The forecasted revenue for Plan Bay Area 2050+ is less than the previous plan.

- **Federal, State and Regional Revenues** – Sources are relatively stable; the forecast assumes the state will implement a revenue neutral mileage-based user fee to replace the gas tax
- **Fare Revenues** – Ridership recovery is a major challenge and **fare (local) revenues are not anticipated to return** to previous levels
- **Anticipated, New and Strategy-Generated Revenues** – The draft revenue forecast is nearly \$40 billion less than the prior plan, largely driven by **a smaller regional revenue measure and less net revenues from all-lane tolling**
- **Revenues Pending Calculation** – Some project-based revenues, user fees, and secured funding have yet to be calculated and should have a modestly positive impact on the final forecast

Revenue Source (\$ in billions)	Plan Bay Area 2050	Plan Bay Area 2050+	Change
Federal, State, and Regional Revenues	\$212	<b>\$208</b>	<b>(\$4)</b>
Local Revenues	\$230	<b>\$201</b>	<b>(\$28)</b>
Anticipated Revenues	\$21	<b>\$16</b>	<b>(\$5)</b>
New Revenues	\$55	<b>\$44</b>	<b>(\$11)</b>
Strategy-Generated Revenues	\$54	<b>\$26*</b>	<b>(\$28)</b>
Secured and Other Local Revenues	\$19	<b>TBD*</b>	<b>(\$19)</b>
<b>Total</b>	<b>\$591</b>	<b>\$496</b>	<b>(\$95)</b>




Note: Numbers may not total due to rounding

\* Other new strategy-generated user fees, secured, and other local sources pending 6

# New and Expanded Revenue Assumptions

Despite the overall decline, Plan Bay Area 2050+ still assumes major wins and policy changes – including new taxes, fees, and tolling – to generate **\$87 billion in anticipated, new and strategy-generated revenues**



New and Anticipated Revenues through 2050	
Future Federal/State Administrations Approve Stimulus Bills (or equivalent)	\$16 billion
By 2028: Voters Approve Regional Transportation Measure <sup>1</sup>	\$32 billion
By 2030: Regional Mileage-Based User Fee Placed on All VMT <sup>2</sup> 	\$12 billion
By 2035: All Growth Geographies Charge for Parking 	\$13 billion
By 2035: All-Lane Tolling Implemented on All Congested Freeways <sup>3</sup> 	\$13 billion
<b>TOTAL</b>	<b>\$87 billion</b>

<sup>1</sup> Assumed regional revenue measure is smaller compared to Plan Bay Area 2050

<sup>2</sup> This fee was newly included as part of the Plan Bay Area 2050+ Draft Blueprint

<sup>3</sup> Less net revenue compared to Plan Bay Area 2050 due to additional equity mitigations

 = revenues tied to GHG-reducing strategies

Note: Numbers may not total due to rounding

# Implications of Megaproject Cost Escalation

- A sampling of 10 “megaprojects”<sup>1</sup> from Plan Bay Area 2050 have **increased in combined costs from \$68 billion to \$112 billion** (draft)
- If prioritized for inclusion in Plan Bay Area 2050+, **this group of projects would overwhelm the “draft budget” for non-O&M strategies**
- Additional investments requiring consideration include:
  - GHG-reducing climate strategies;
  - Transit Transformation Action Plan priorities;
  - Active transportation and complete streets; and
  - Local roadways, highways and interchanges, among others



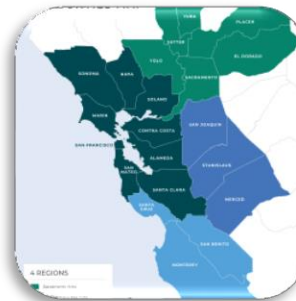
**BART to Silicon Valley Phase II**  
(Bin 1)

**\$10 billion → \$14 billion**



**Caltrain/HSR Portal**  
(Bin 1)

**\$4 billion → \$8 billion**



**Link21**  
(Bin 2)

**\$29 billion → \$59 billion**



**SR37 Sea Level Rise Adaptation**  
(various)

**\$5 billion → \$10 billion**

<sup>1</sup> See Attachment B for further information on megaprojects.

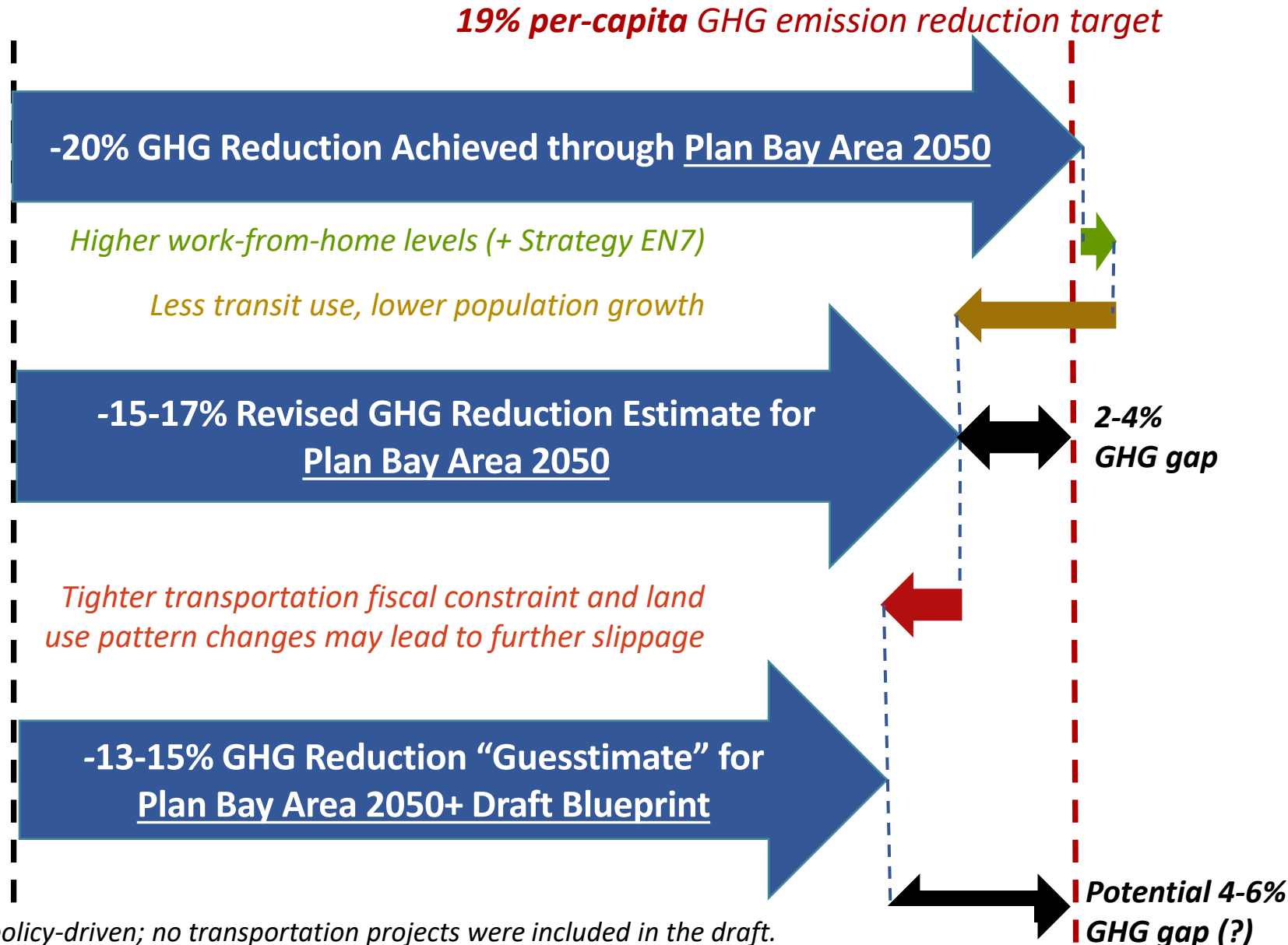
# Plan Bay Area 2050+ Climate Target Challenges

Plan Bay Area 2050 met and exceeded the GHG emissions reduction targeted set by CARB.

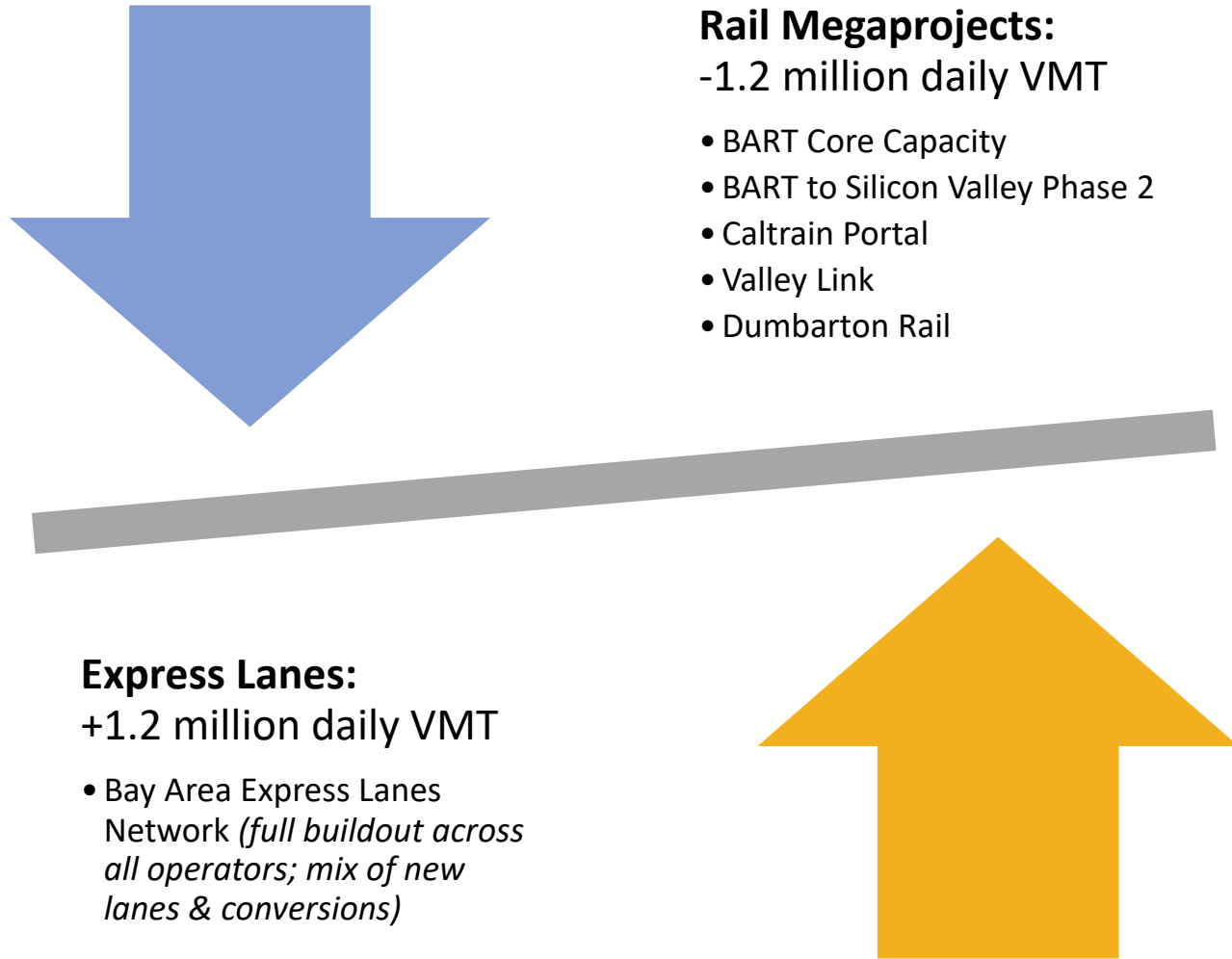
Re-analyzing Plan Bay Area 2050's 35 strategies under updated planning assumptions will yield a **moderate GHG reduction "gap" of roughly 2-4 points.**

This **initial GHG gap will likely widen** when Plan Bay Area 2050+ Draft Blueprint outcomes are released later this spring.

*Note: Draft Blueprint GHG reduction will be primarily policy-driven; no transportation projects were included in the draft. CARB has final approval over the technical methodologies and assumptions used to quantify GHG impacts and could reject our approach.*



# Highway Project Impacts on GHG Reduction Goals



Although highway projects such as Express Lanes provide mobility and reliability benefits, **the increased vehicle miles traveled (VMT) they generate offset the climate benefits of the plan's transit megaprojects.**

**Source:** Plan Bay Area 2050 Project Performance, 2020; RTFF Future

**Note:** VMT increase from Express Lanes is likely underestimated due to induced land use; VMT reduction from rail projects are likely overestimated due to post-pandemic effects

# Striving to Achieve the Plan's Climate Target

- Meeting the required greenhouse gas emissions reduction target has required a balanced approach, including a **mix of land use and transportation strategies**, plus targeted investments
- **Closing the gap will be difficult** this planning cycle:
  - The “low hanging fruit” is all gone
  - There is less money
  - There are downsides to leaning in on any one policy lever
- What if the plan does not achieve its climate goals?
  - It would jeopardize approval of the federal Regional Transportation Plan (RTP), potentially hindering projects from moving forward
  - The region would be ineligible to receive funding from certain Senate Bill 1-funded programs, which have provided a total of \$1.2 billion for 20 Bay Area projects since 2017
  - MTC/ABAG would be required to prepare an alternative planning strategy (APS); to date, no region in the state has failed to meet their SB 375 climate target



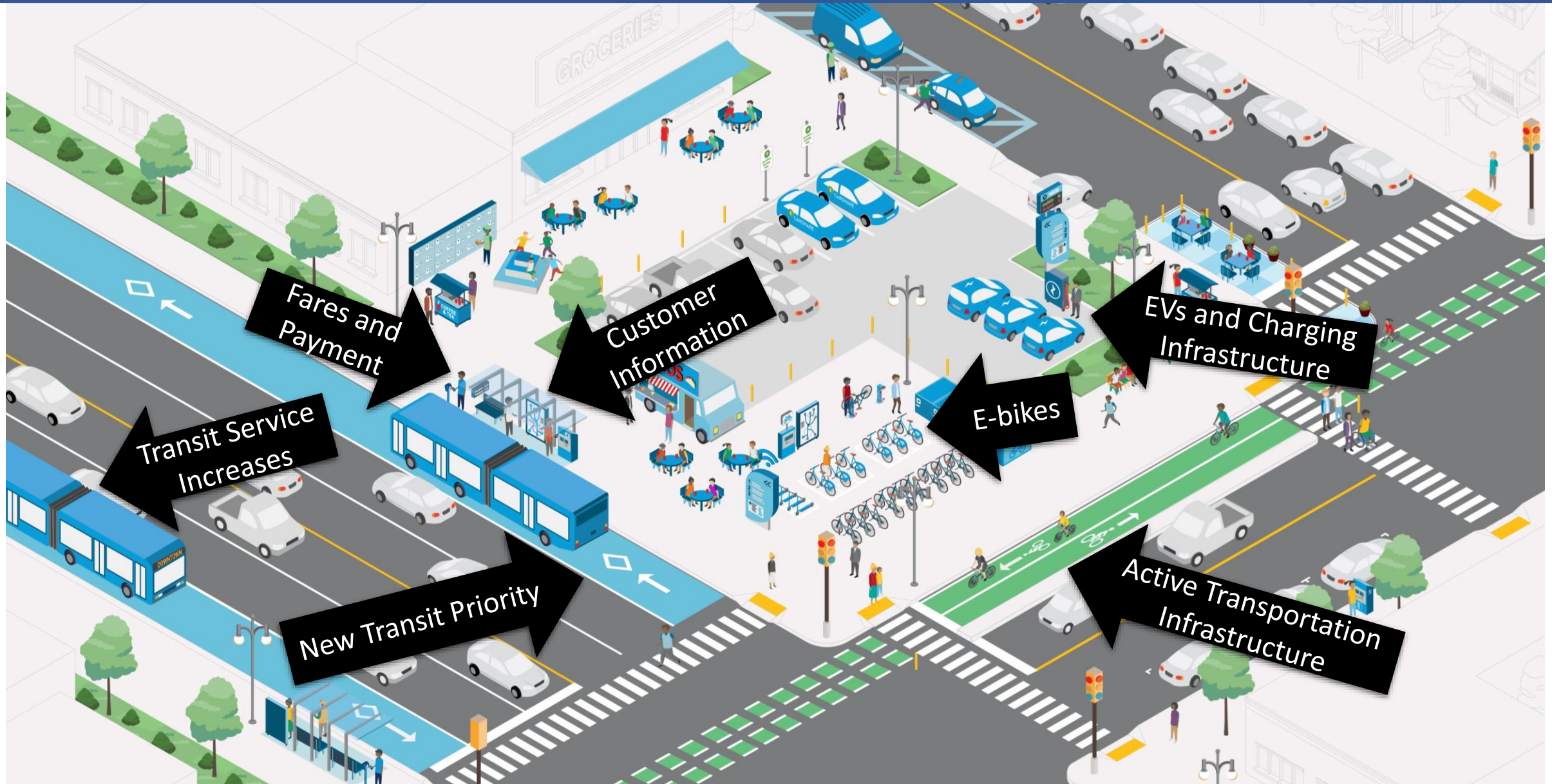
# All GHG Reduction Approaches Involve Tradeoffs...

Potential Policy Levers for Final Blueprint Consideration	Feasibility of Additional GHG Reduction	Public Sector Financial Cost	State Oversight Risks	Public and Political Support	Equity Impacts
<u>Land Use</u> : Further concentrate housing/jobs in lowest-VMT locations	++	Negligible	---	--	----
<u>Work-from-Home</u> : Further intensify hybrid work targets	++	Negligible	-	--	-
<u>Highways</u> : De-emphasize roadway investments that increase capacity & VMT★	+	Increases fiscal capacity	-	---	+
<u>Pricing</u> : Increase tolling, mileage-based fees, and/or parking rates★	++++	Increases fiscal capacity	--	----	-
<u>Clean Vehicles</u> : Ramp up EV charger, vehicle buyback, and e-bike investments★	++	\$ \$	----	+++	++
<u>Transit Service and Customer Experience</u> : Pursue enhancements that will draw more riders to the system★	++	\$ \$	-	++	+++
<u>Transit Expansion</u> : Prioritize transit capital expansion investments & megaprojects	+	\$ \$ \$ \$	-	+++	+

★ Staff recommendations for further exploration as part of Final Blueprint phase

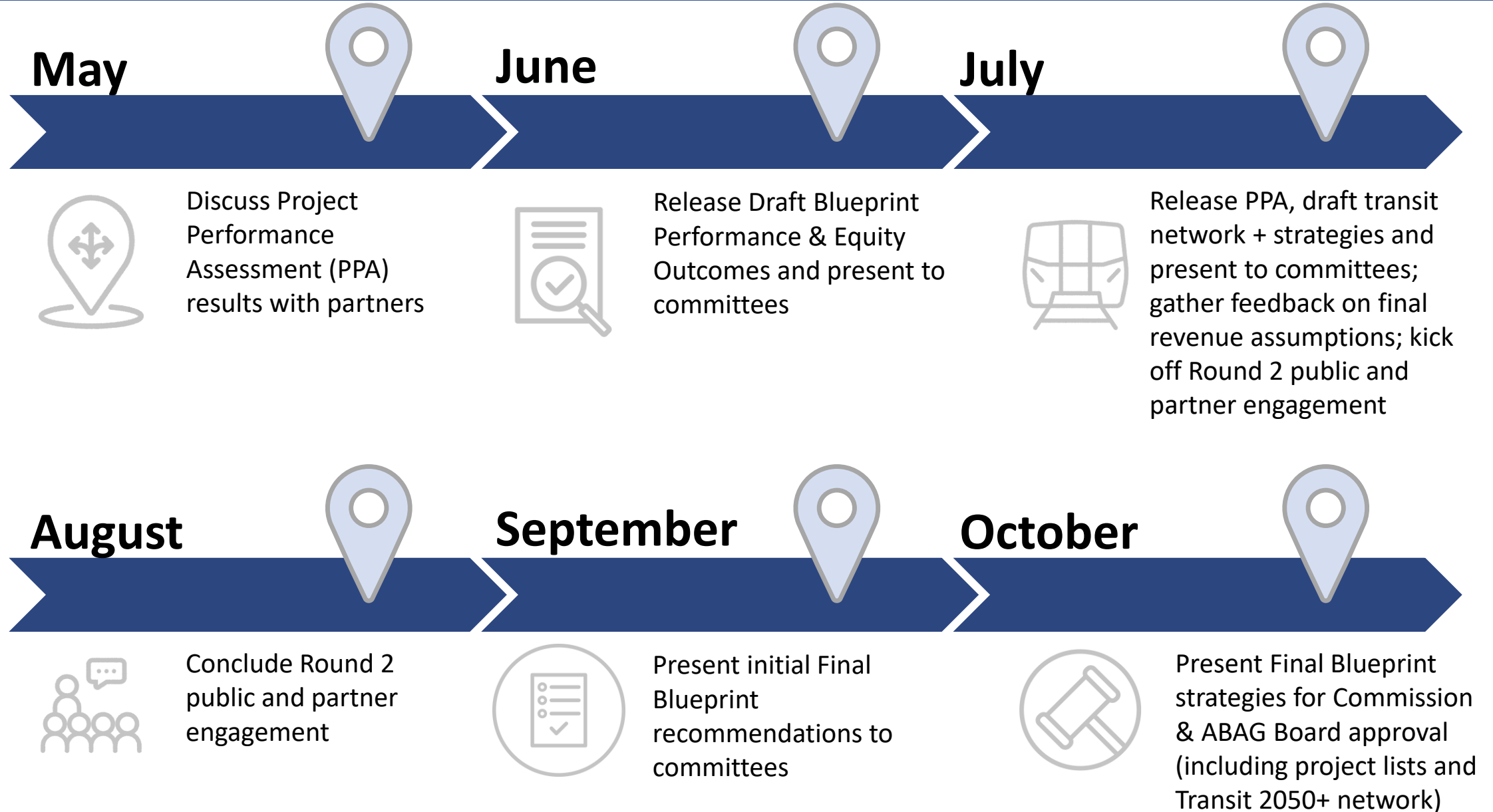


# ... But Opportunities Abound for Near-Term Transformation





# Timeline for Addressing Transportation Priorities



# Commissioner Discussion



## Revenue Assumptions

- Plan Bay Area 2050+ already makes expansive assumptions regarding new transportation revenue sources.
- There is not enough money to accommodate the investment levels included in the previous plan.
- The result will be deep cuts to at least some strategies, unless supplemental new revenues are considered.
- Have staff **found the right balance** with the plan's new revenue assumptions?



## Pricing Strategies

- Pricing strategies generate nearly 30 percent of the Draft Blueprint's new and anticipated transportation revenue envelope.
- These strategies are essential to achieving the plan's GHG emissions reduction target.
- Pricing faces significant implementation challenges and uncertainty due to political and public opinion constraints.
- Should the agency **expand, preserve, postpone, or remove** the plan's pricing strategies?



## Climate Target Investments

- Although transit capital megaprojects have significant support and achieve important policy goals, their GHG reduction benefits are modest and they are extremely costly.
- Many highway projects are actively pushing the region in the wrong direction with respect to GHG.
- Given limited revenues, should the agency **prioritize cost-effective strategies** that will help achieve the plan's GHG target – even in the face of potential state pushback?





PLAN BAY AREA 2050+



ASSOCIATION OF BAY AREA GOVERNMENTS  
METROPOLITAN TRANSPORTATION COMMISSION

# Questions and Comments

## Contacts

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Dave Vautin, Assistant Director – Major Plans (RPP)

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Chirag Rabari, Plan Bay Area 2050+ Project Manager

Email: [crabari@bayareametro.gov](mailto:crabari@bayareametro.gov)



# Plan Bay Area 2050+ Update: Focusing on Transportation Element Policy

## Tradeoffs

## Context-Setting on Transportation Megaproject Costs

Select Megaprojects from Plan Bay Area 2050				
Project Title <sup>1</sup>	Plan Bay Area 2050 Open Period	Plan Bay Area 2050 Cost (YOE, \$ in billions)	Plan Bay Area 2050+ Cost, Draft Estimates <sup>2</sup> (YOE, \$ in billions)	MAP Level
BART Core Capacity Program	Bin 1 (2021-2035)	\$ 5.3	\$ 7.1	Level 1
Peninsula Corridor Electrification Program	Bin 1 (2021-2035)	\$ 2.0	project scheduled to open in fall 2024	Level 1
BART to Silicon Valley Phase II	Bin 1 (2021-2035)	\$ 10.1	\$ 13.9	Level 1
Caltrain Downtown Extension ("The Portal")	Bin 1 (2021-2035)	\$ 3.9	\$ 8.3	Level 2
Valley Link Rail Project (Initial Operating Segment)	Bin 1 (2021-2035)	\$ 2.9	\$ 2.8	Level 2
Caltrain Enhanced Growth Project	Bin 2 (2036-2050)	\$ 2.8	\$ 3.1	Tier 2
Group Rapid Transit   Dumbarton Rail Corridor	Bin 2 (2036-2050)	\$ 3.8	\$ 4.5	Tier 2
VTA   Stevens Creek Blvd Light Rail Expansion	Bin 2 (2036-2050)	\$ 2.8	\$ 3.5	Tier 2
Link 21	Bin 2 (2036-2050)	\$ 28.8	\$ 58.9	Tier 2
SR 37 Ultimate Sea Level Rise Adaptation Project	Various	\$ 5.1	\$ 10.1	Tier 2
<b>Total</b>		<b>\$ 67.5</b>	<b>\$ 112.3</b>	

<sup>1</sup> The 10 projects in question include the five named Level 1 and Level 2 megaprojects from the Major Project Advancement Policy (MTC Resolution No. 4537), plus the five largest named "Tier 2" megaprojects that do not nest under programmatic categories.

<sup>2</sup> Plan Bay Area 2050+ draft estimated costs are inclusive of capital costs and annual operations, including escalation to year of expenditure.



# Roadway Eligibility in Connect Bay Area, SB 1031 (Wiener/Wahab)



METROPOLITAN  
TRANSPORTATION  
COMMISSION

Commission Workshop  
April 25, 2024

# MTC's Vision Statement for Connect Bay Area Highlights its Climate Benefits

- In January, the Commission adopted a vision statement that emphasized its intention for the measure to help region reduce greenhouse gas emissions from transportation sector, consistent with Plan Bay Area 2050:
- “...helping to combat the climate crisis”
- “...lower greenhouse gas emissions,..”
- “...create a “climate-friendly transportation system...”

# Commission Also Endorsed Creation of a Balanced Expenditure Plan

- The adopted Vision Statement and Focus Areas include the following statements conveying importance of the economy and enhancing mobility for all users, not just transit riders:
  - “Meets the needs of Bay Area residents, **businesses** and visitors”
  - “Strengthening the region’s economy”
  - “Local roads are well maintained”
  - “Enhancing access to **opportunity**”
  - “Preserving and enhancing mobility for **all transportation system users**”



# Highway Improvements Take Many Forms and Address a Variety of Policy Goals



**Pavement & Bridge Rehabilitation**



**Traffic Safety**



**Express Lanes**



**Interchange Modernizations**



**Goods Movement**


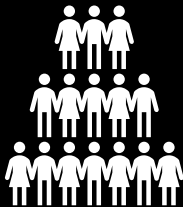


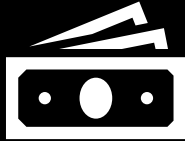


**Climate Resilience**



# All Highway Project Types Involve Tradeoffs and Prioritization

Slide 5

Project Type	Initial Capital Cost	 Reliability	 Mobility	 Climate	 Transit	 Affordability
General Lane: New Capacity	\$ \$ \$	<i>Negligible</i>	+	- - -	- -	<i>Negligible</i>
Express Lane: New Capacity	\$ \$ \$ \$	+ +	+ +	- -	-	-
Express Lane: Conversion	\$	+ +	+	-	+	-
All-Lane Tolling	\$	+ + +	+ +	+ + +	+ +	- -

# SB 1031's Connectivity Program: *A Multimodal Capital Improvement Program*

- The Connectivity Program at a glance:
  - Eligible investments include highway, transit, and rail mobility projects that close gaps and relieve bottlenecks in the existing transportation network in a **climate-neutral manner**, resilience improvements that protect transportation infrastructure from climate-fueled natural hazards, and transportation safety improvements, including, but not limited to, grade separations.
  - Projects must be included in or determined by MTC to be consistent with an adopted sustainable communities strategy.
- Receives **at least 15%** of Connect Bay Area revenues:
  - **\$150 million/year** in a \$1B scenario
  - **\$225 million/year** in a \$1.5B scenario
- Connectivity Funds must be reinvested to benefit each county in proportion to its share of total revenues generated by the measure over an unspecified timeframe (TBD).
- SB 1031 is currently silent on Connectivity Program project selection process.

# Areas of Agreement on Project Eligibility

- Safe Streets
  - Local road repairs – pothole repairs, maintenance, repaving, roadway rehabilitation
  - Traffic calming strategies, such as road diets, etc.
  - Bike lane additions, sidewalk improvements/accessibility enhancements
- Connectivity
  - Express lane conversions (high-occupancy vehicle (HOV) lane or potential general-purpose lane conversion)
  - Non-capacity increasing interchange modernization or upgrades
  - Traffic operational strategies (non-widening)
  - State Route 37 – broad recognition of this unique congestion relief and resilience project as a regional priority

# Differing Stakeholder Perspectives

- The Bay Area Council and California Alliance for Jobs have explicitly called for the measure to fund **capital highway and road improvements** that:
  - “are included in approved regional transportation plans and sustainable communities strategies as well as road, highway and bridge infrastructure maintenance/rehabilitation and also projects that create resilience from the effects of climate change.”
- On the other hand, a large coalition of environmental and transit stakeholders are calling for a **prohibition on the measure funding any highway widening projects, with potential for an exception for Highway 37.**

# Key Policy Question

1. Given PBA 2050+ analysis indicating the Plan's overall revenue constraints as well as the challenge of meeting the region's GHG targets, what limits, if any, should be placed on highway widening within the SB 1031 Connectivity Program?



# Metropolitan Transportation Commission

375 Beale Street, Suite 800  
San Francisco, CA 94105

## Legislation Details (With Text)

**File #:** 24-0613      **Version:** 1      **Name:**  
**Type:** Report      **Status:** Informational  
**File created:** 4/17/2024      **In control:** Metropolitan Transportation Commission Workshop  
**On agenda:** 4/25/2024      **Final action:**

**Title:** Staff will provide an overview of the BATA toll bridge program and toll revenue portfolio, including investor communication, capital structure, debt issuance considerations, asset management and rehabilitation program funding needs.

Commissioners will have an opportunity to take a deeper dive into investment and policy decisions for BATA, and better understand the outlook in terms of needs and revenues to keep the bridges in a state of good repair.

**Sponsors:**

**Indexes:**

**Code sections:**

**Attachments:** [Day2\\_4a\\_Summary\\_Sheet\\_BATA\\_Stewardship\\_and\\_Investments.pdf](#)  
[Day2\\_4a\\_Attachment\\_A\\_BATA\\_Stewardship\\_and\\_Investments.pdf](#)  
[Day2\\_4a\\_Attachment\\_B\\_Key\\_Indenture\\_Covenants.pdf](#)  
[Day2\\_4a\\_Attachment\\_C\\_CIP\\_Summary.pdf](#)

Date	Ver.	Action By	Action	Result
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### Subject:

Staff will provide an overview of the BATA toll bridge program and toll revenue portfolio, including investor communication, capital structure, debt issuance considerations, asset management and rehabilitation program funding needs.

Commissioners will have an opportunity to take a deeper dive into investment and policy decisions for BATA, and better understand the outlook in terms of needs and revenues to keep the bridges in a state of good repair.

### Presenter:

Derek Hansel and Lisa Klein

### Recommended Action:

Information

# Metropolitan Transportation Commission

## Commission Workshop (Day 2)

April 25, 2024

Agenda Item 4a

### Bay Area Toll Authority (BATA): Stewardship and Investments

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#### **Subject:**

Overview of the BATA toll bridge program and toll revenue portfolio, including investor communication, capital structure, debt issuance considerations, asset management and rehabilitation program funding needs.

#### **Background:**

BATA began charging a uniform \$1 toll on the seven state-owned Bay Area toll bridges on January 1, 1989. Since then, there have been a number of toll increases over time as a result of both voter approved regional measures and Authority actions to fund the seismic retrofit program. BATA's first issuance of toll revenue bonds was in 2001 in the amount of \$400 million. Today, BATA's outstanding toll revenue bond portfolio is just shy of \$9.5 billion. BATA's tolls support operations, debt service, bridge maintenance and rehabilitation, operating transfers to transit agencies, bridge capital projects and voter approved transit, highway and transportation improvements.

#### **Toll Revenues:**

The pandemic and the resulting reduction in toll crossings and shift to all electronic tolling have had a significant effect on BATA's toll revenues. While traffic has improved since the depths of the pandemic, some level of working from home appears to be the new normal and paid bridge traffic is approximately 80% of pre-pandemic levels. The pandemic-accelerated switch to all electronic tolling has presented toll collection challenges and has exacerbated the reduction in revenue from decreased traffic.

#### **BATA Commitments:**

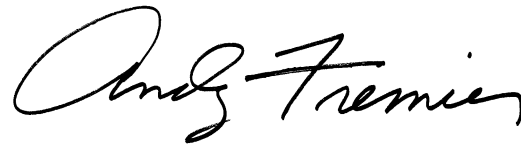
BATA has a responsibility to fund \$4.45 billion in Regional Measure 3 (RM3) projects, operating transfers directed by RM3 and Regional Measure 2 (RM2), bridge maintenance, and

bridge rehabilitation totaling \$1.9 billion in the current 10-year capital improvement plan (CIP). In addition, BATA's bond indentures include covenants which require toll increases in certain circumstances and require specific coverage levels be met for the issuance of additional bonds. These covenants are laid out in detail in Attachment B: Key Indenture Covenants.

In order to meet BATA's commitments, a toll increase for bridge projects may be necessary in the near term. This is consistent with findings from the BATA Ad Hoc Recovery Working Group, convened from 2020 to 2021, which acknowledged the need to track post-pandemic traffic trends, costs and asset management needs to inform the timing and amount of a future toll increase to maintain the toll bridges in a state of good repair. Staff recommends consideration of toll differentials and additional features on future toll increases in order to more accurately reflect the cost of toll collection and the congestion and/or wear on the bridges.

**Attachments:**

- Attachment A: Presentation
- Attachment B: Key Indenture Covenants
- Attachment C: BATA 10-Year Toll Bridge Capital Improvement Plan Overview



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Andrew B. Fremier



# Introduction

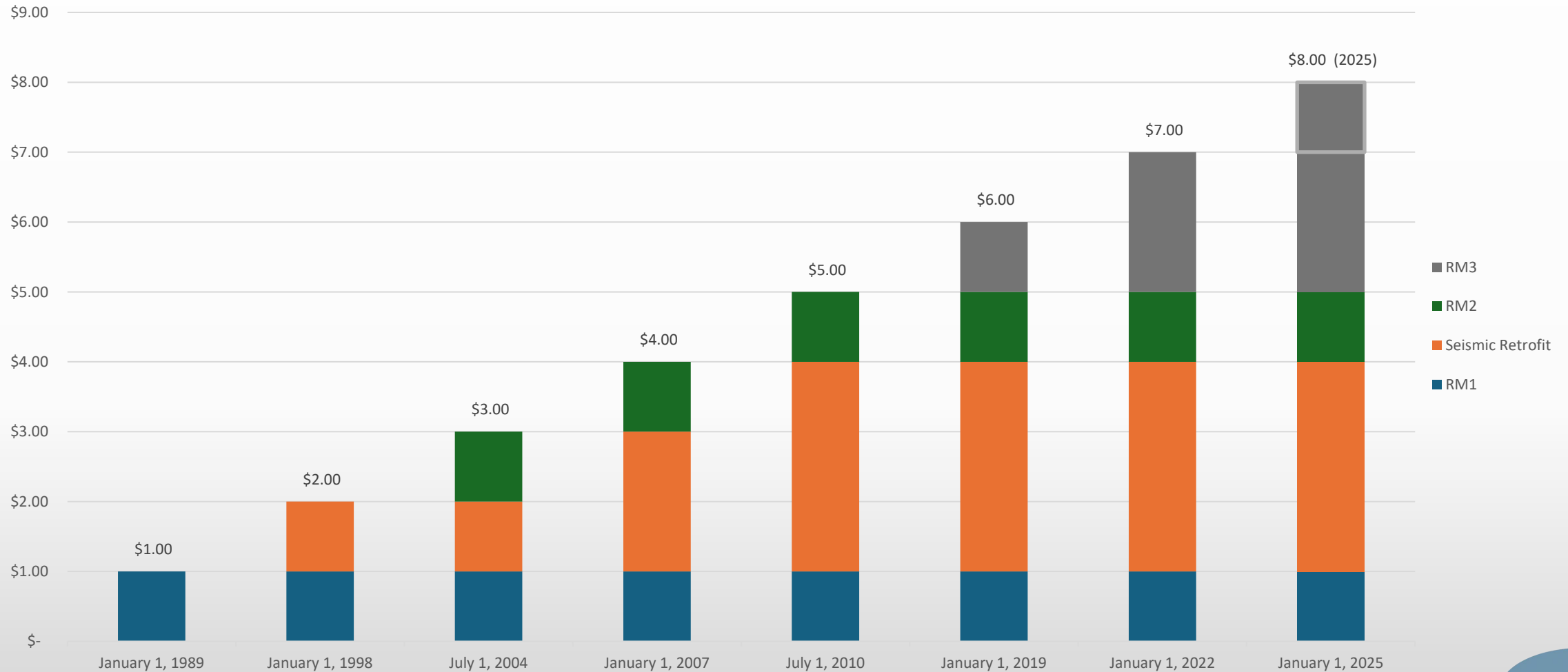
- Pandemic challenged the toll bridge system and its underlying financial assumptions
  - Reductions in traffic that appear to be a “new normal”
  - Conversion to all-electronic tolling
  - Increasing costs of capital work
- RM3 tolls are a credit positive but the program will require increased debt issuance to meet project needs
- Asset management work is continuing and will help inform toll increases necessary to appropriately fund bridge rehab expenditures

# Agenda

- Bridge Tolls and Toll Revenue
- Investor Communications
- BATA Capital Structure
- Debt Issuance Considerations
- Asset Management
- Rehabilitation Program Toll Increases

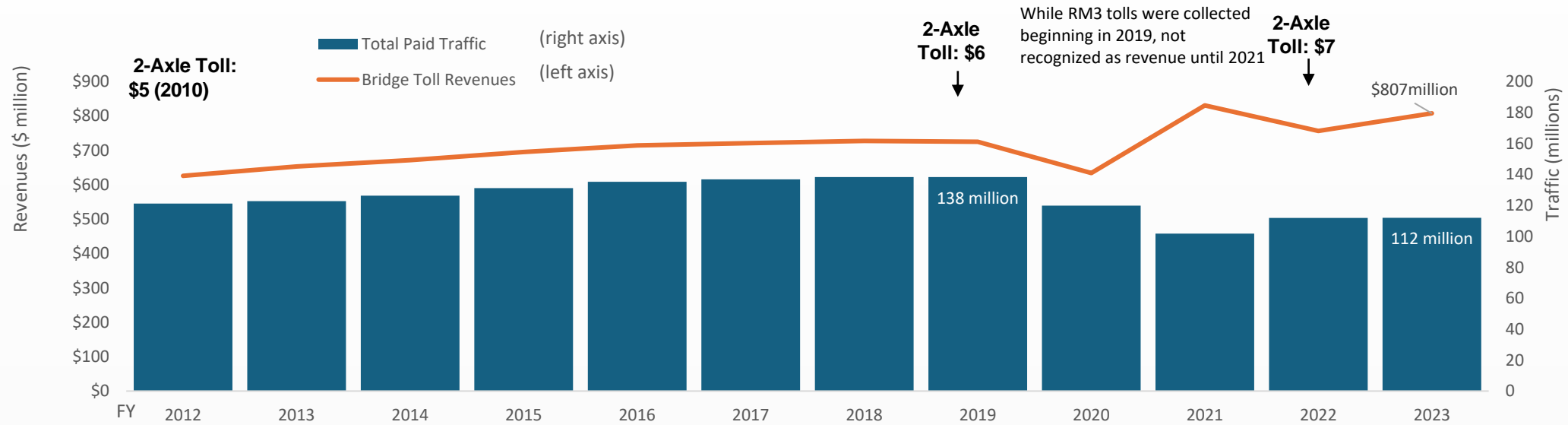
# Bridge Tolls and Toll Revenue

# Bridge Toll History



# Paid Traffic and Bridge Toll Revenues

Annual Traffic and Bridge Toll Revenues



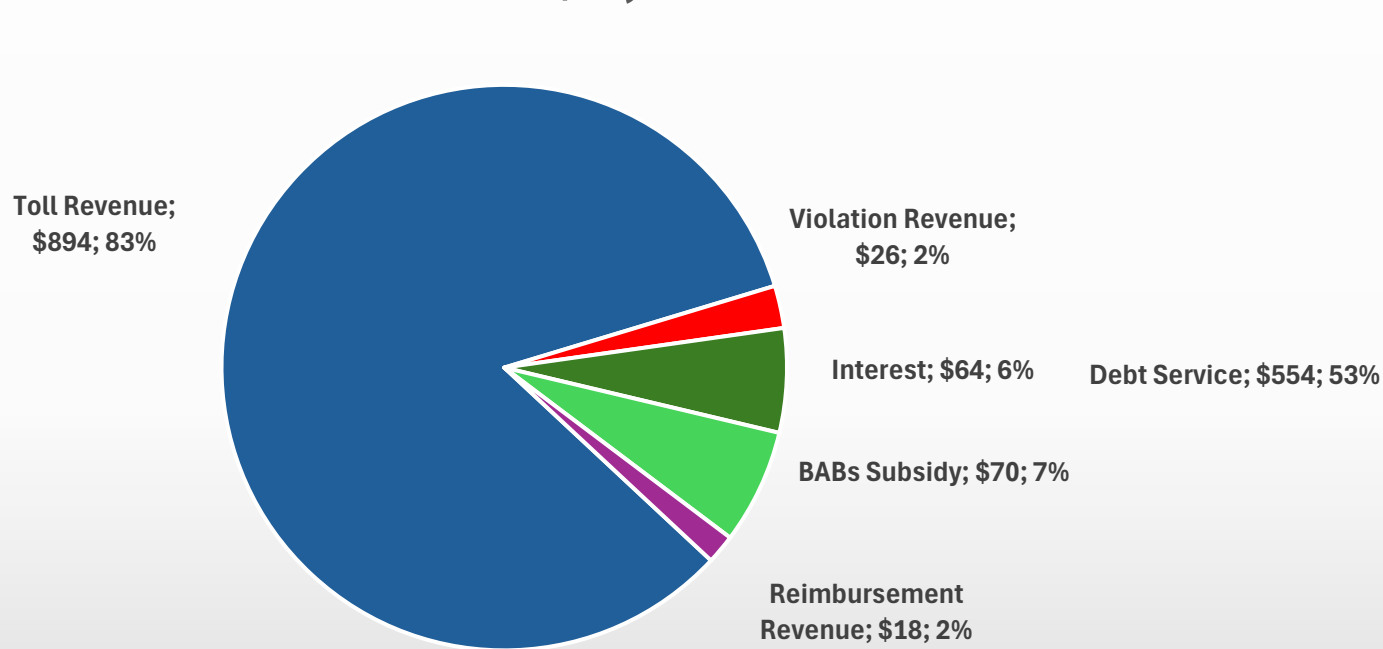
# BATA Toll Rates are Below Comparable Crossings

Roundtrip Tolls – Prominent Bridges (2-axle)			
Facility	Location	Off-Peak/Electronic	Peak/By Mail
Chesapeake Bay Bridge/Tunnel	Maryland and Virginia	\$22.00	\$42.00
Chicago Skyway	Chicago	\$14.40	\$14.40
RFK Bridge	New York	\$13.88	\$22.38
George Washington Bridge	New York	\$13.38	\$17.63
Golden Gate Bridge	San Francisco	\$8.75	\$9.75
BATA Bridges	Bay Area	\$7.00	\$7.00
Ben Franklin Bridge	Philadelphia	\$5.00	\$5.00

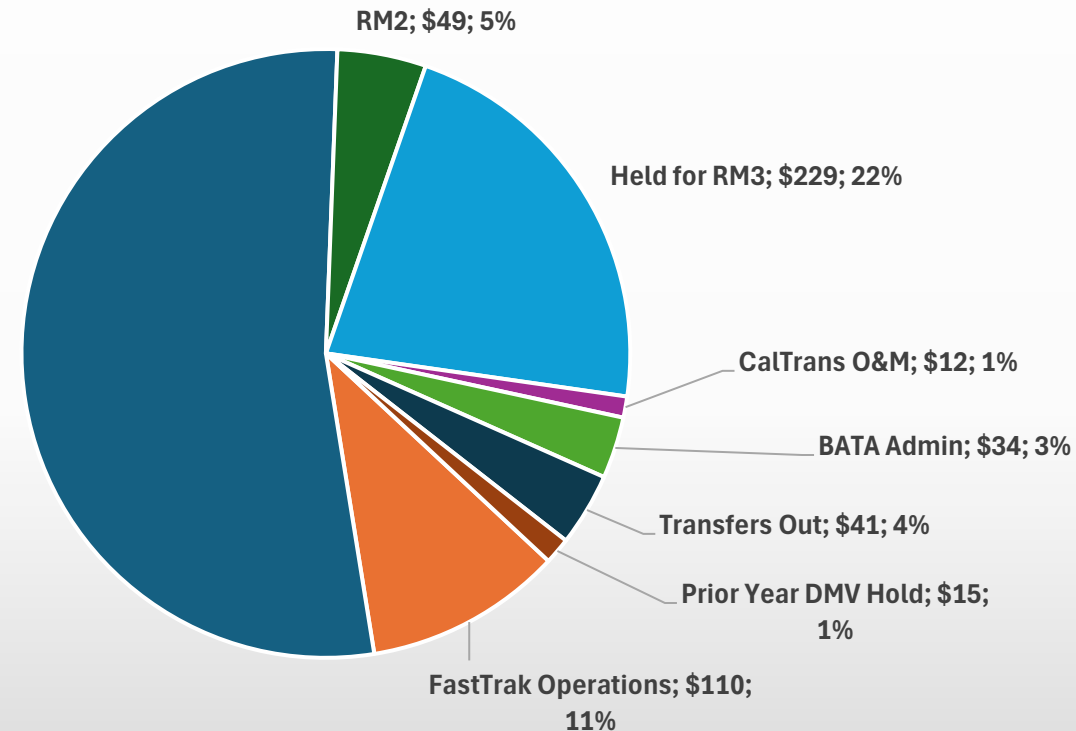
- Golden Gate Bridge charges a differential toll based on the method of payment: \$8.75 Fastrak, \$9.00 license plate account/one-time payment and \$9.75 for an invoiced toll
  - Each of these tolls will increase \$0.50 annually beginning July 1, 2024 for five years

# FY 2024 Amended Operating Budget (\$ in millions)

## Revenue - \$1,072



## Operating Expense and Transfer - \$1,043



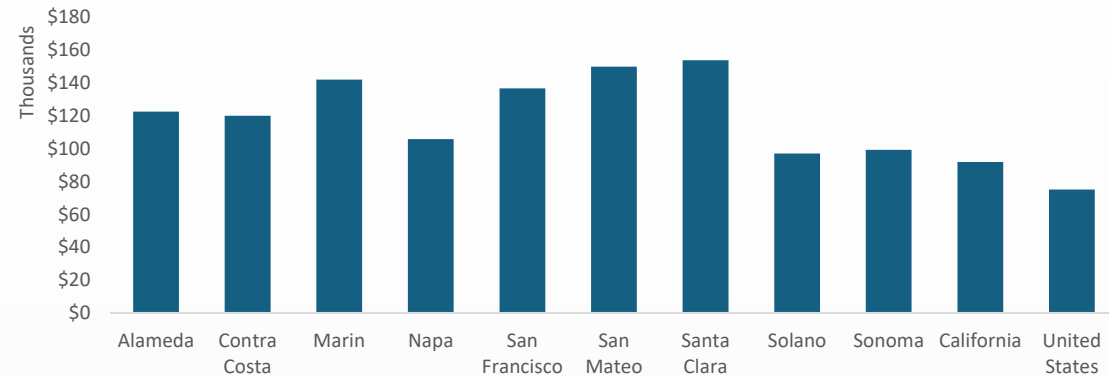


# Investor Communications

# The Bay Area is anchored by a strong economy

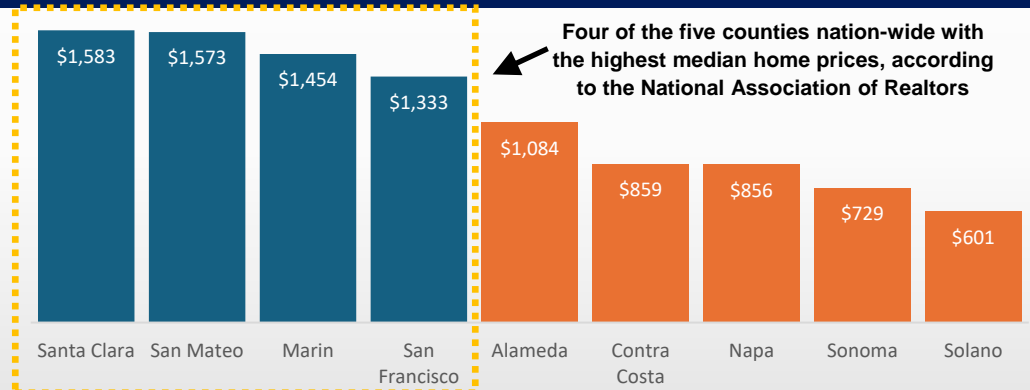


SF Bay Area Median Household Income vs California and US Levels



Source: US Census Bureau, QuickFacts, 2022, Geographies shown represent Combined Statistical Areas

SF Bay Area Median Home Prices by County (\$000s)

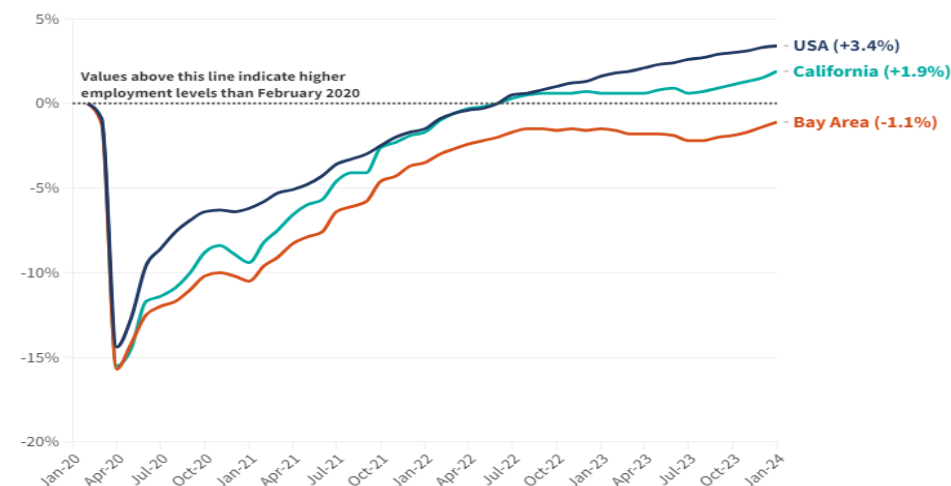


Source: Q3 2023 County Median Prices and Monthly Mortgage Payment By State." NATIONAL ASSOCIATION OF REALTORS®. March 8, 2024, <https://cdn.nar.realtor/sites/default/files/documents/2023-q3-county-median-prices-and-monthly-mortgage-payment-by-state-01-09-2024.pdf>.

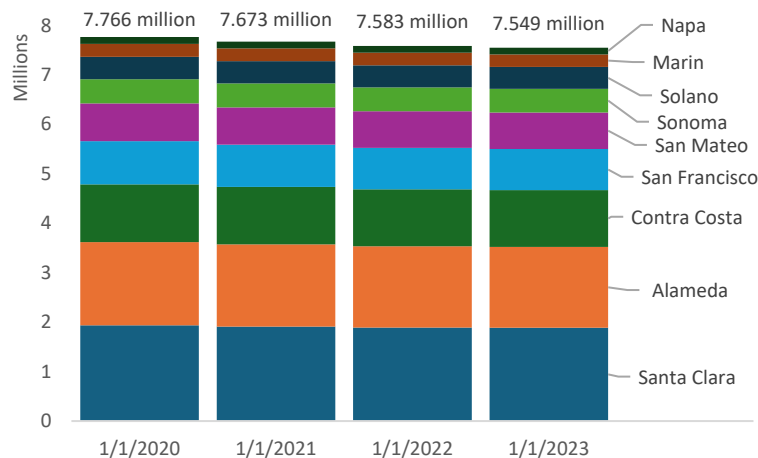
# Key Bay Area metrics are trending upward

- The region has nearly recovered to pre-pandemic employment levels
- The Bay Area continues to remain the epicenter of venture capital funding, bringing in over twice as much per capita as Boston, the next highest funded region
  - The Bay Area is the leading center for artificial intelligence R&D
- Much of the migration during COVID-19 took the form of immigration into other Bay Area counties that are connected by BATA crossings
- “Back to Office” has trended in a positive direction

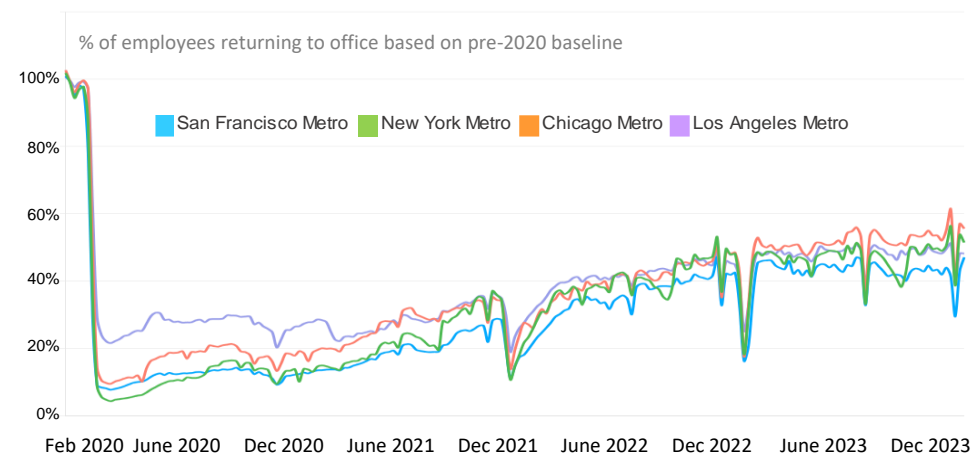
Job Growth in the Bay Area, California and Nation as of January 2024



Bay Area Population Change Since 2020



Back to Office Barometer



Sources: State of California Department of Finance; E-4 Population Estimates for Cities, Counties, and the State, 2021-2023; Bay Area Council Economic Institute; Kastle's "Back to Work Barometer"

# Investments in rehabilitation and repair demonstrate BATA's commitment to maintaining system assets

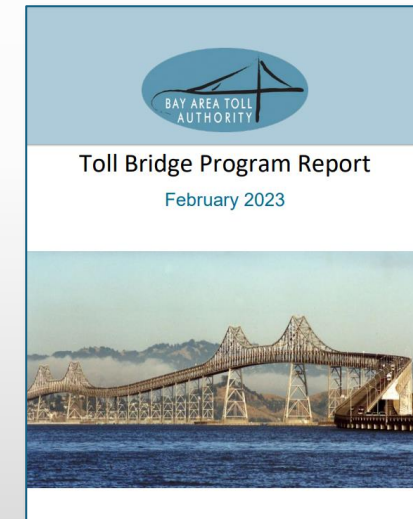
- ***Maintaining the toll bridges in a State of Good Repair is BATA's top priority***
- BATA's FY 2024-2033 CIP identifies \$1.8 billion for rehabilitation and operational improvements
  - FY 2024 Budget includes \$158 million
- BATA continuously reviews bridge capital needs with Caltrans. Prioritization for funding is based on bridge inspections by Caltrans and overall program needs and is reflected in the CIP
- Information on condition of bridges and rehabilitation projects is in the Toll Bridge Report first issued in April 2022 and updated in February 2023
- KPMG has conducted reviews of maintenance and rehabilitation programming

10-year CIP Summary	
Category	Total (\$ millions)
Structural Steel Painting	\$741
Recurring Annual Work <sup>1</sup>	437
Bridge Integrity	345
Other <sup>2</sup>	341
<b>Total</b>	<b>\$1,864</b>

Note: BATA projects make up over 30% of entire 10-year CIP

<sup>1</sup> Includes FasTrak customer service center and transponders, bridge inspections, other technology

<sup>2</sup> Includes projects related to facilities, electrical, open road tolling

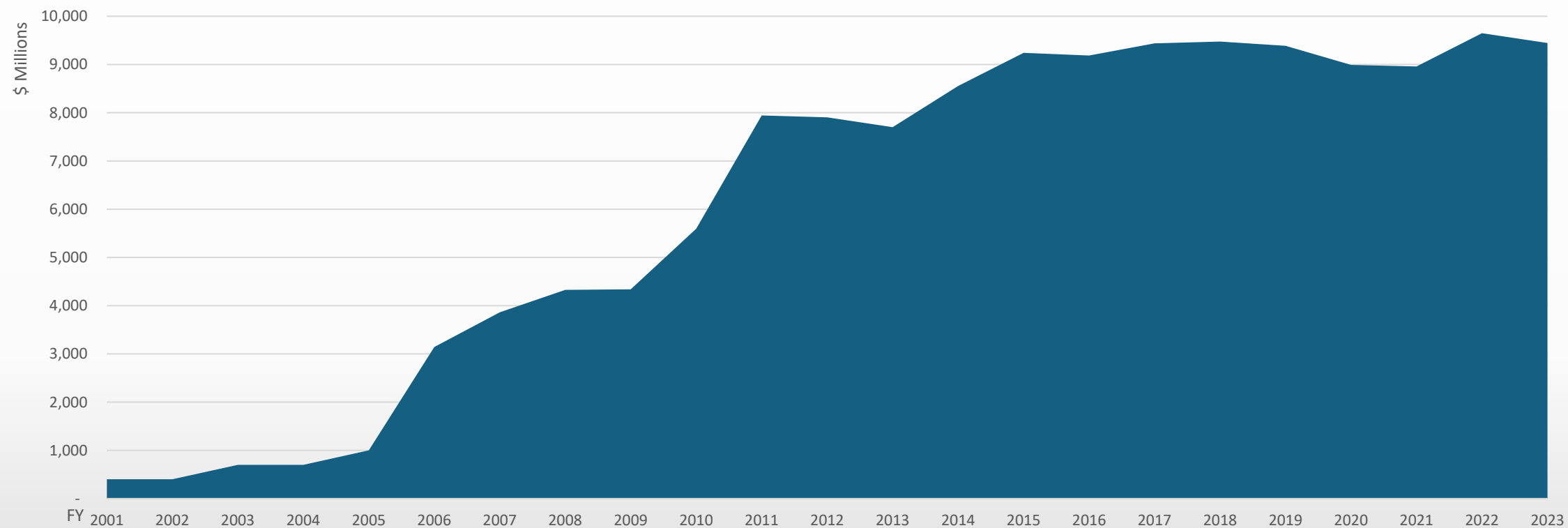


# BATA Benefits from Statutory Covenants

- BATA's principal bond security is derived from a pledge of toll revenues less certain expenses
- In Streets and Highway Code Section 30963 the State of California pledges and agrees with bondholders:
  - Not to limit, alter, or restrict BATA's statutory rights to finance the toll bridge improvements authorized by California law
  - Not to impair the terms of any agreements made with the bondholders, or the rights or remedies of the bondholders until the bonds are fully paid and discharged
- Statutory covenant helps to protect BATA's authority to set tolls to meet its obligations under its bond indentures and the security for the bonds
  - State and US Constitutions offer certain protections for bondholders

# BATA Capital Structure

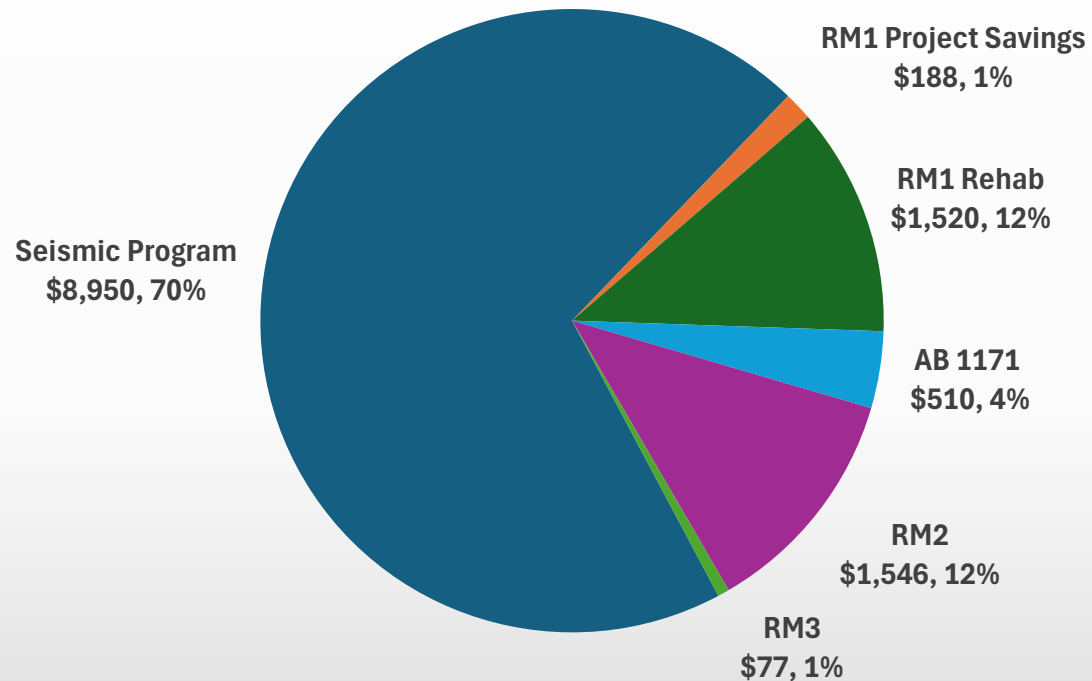
# Outstanding Debt by Year



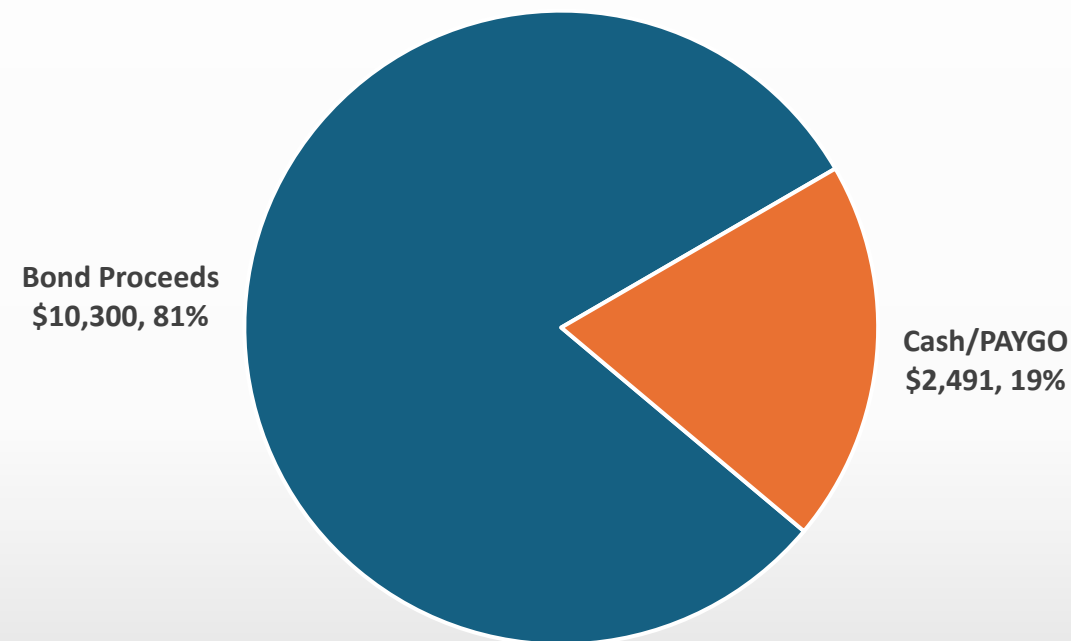


# BATA Capital Programs (\$ in millions)

Expenditures through 12/31/23 - \$12,791

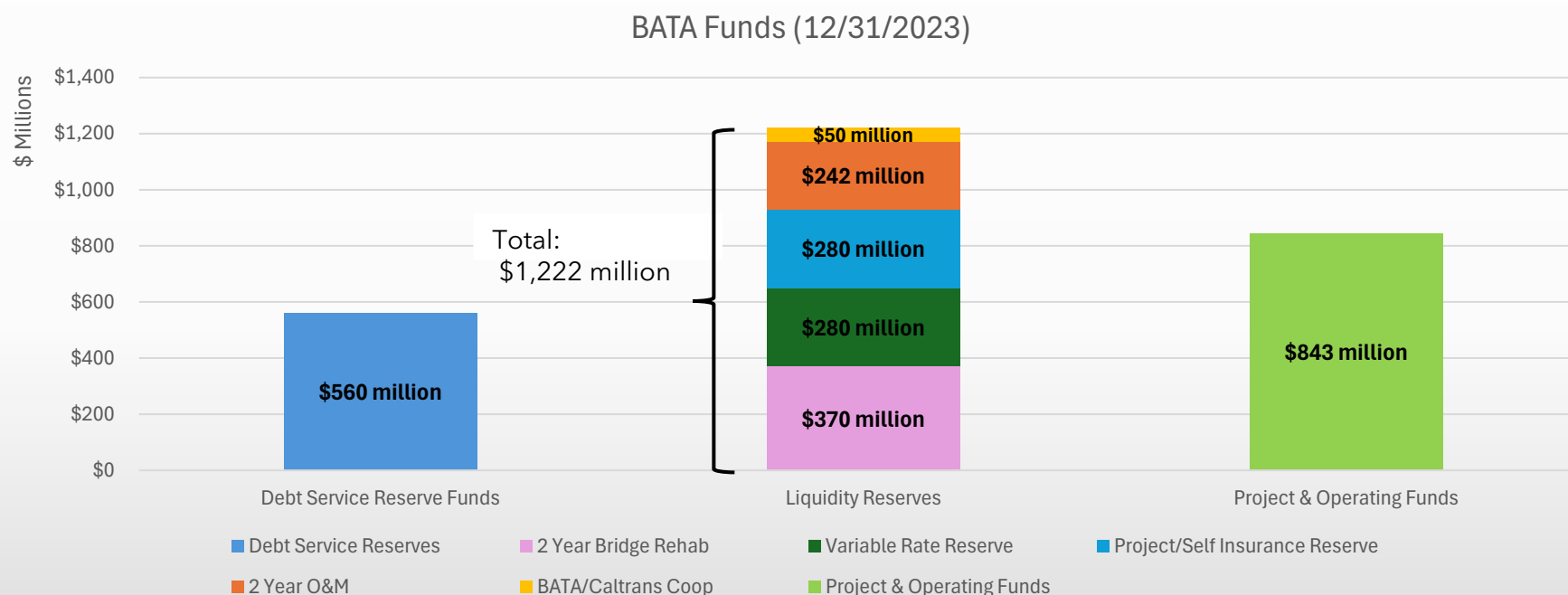


Funding Sources - \$12,791



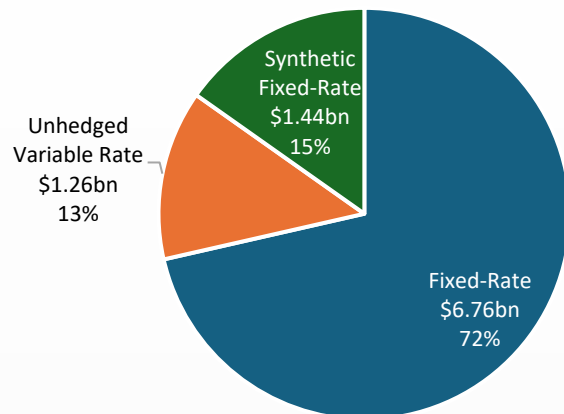
# Commitment to BATA's bridge toll covenants, metrics and liquidity policies

- The Board has communicated its commitment to maintaining pledges to bondholders, best financial practices, and a strong credit
  - Safe operations of bridge system by funding bridge maintenance and rehabilitation
  - Sustain a minimum \$1 billion liquidity
  - AA level ratings from S&P and Fitch



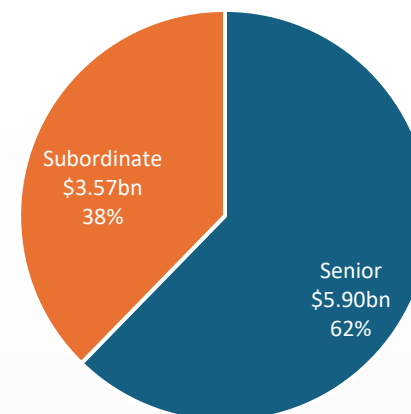
# BATA's debt is highly rated and diversified by type and lien

Debt by Type<sup>1</sup>



Total: \$9.47 billion

Debt by Lien<sup>1</sup>

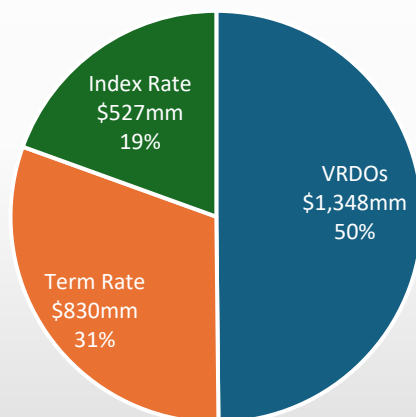


Total: \$9.47 billion

BATA Unenhanced Ratings

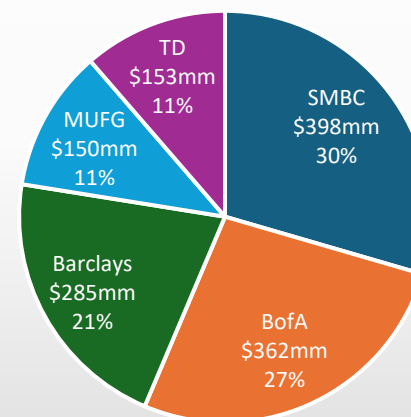
Agency	Senior	Subordinate
Moody's <sup>2</sup>	Aa3	A1
S&P	AA	AA-
Fitch	AA	AA-

Short Term Debt by Mode<sup>1</sup>



Total: \$2.70 billion

Letters of Credit Bank Syndicate<sup>1</sup>



Total: \$1.35 billion

Notes: (1) As of 3/31/2024. Excludes \$291.730 of economically defeased 2019 Series ABCD VRDOs and the associated LOCs. These bonds will be redeemed on May 29, 2024; (2) BATA's 2024ABCDEG Bonds do not carry Moody's ratings.

# Debt Issuance Considerations

# Funding of Maintenance and Rehabilitation

- Key Issues Considered
  - Ability to fund from current revenue
  - Tax considerations
  - What should be funded from current revenue vs. financed?
    - Maintenance expenses
    - Long-term capital expense
    - Intermediate-term rehab



San Mateo-Hayward Bridge  
Repairs Underway

# Regional Measure 3 (RM3)

- BATA has an obligation to fund \$4.45 billion in transit and highway projects set forth in statute and included in the RM3 ballot measure
- BATA obligated to provide transit operating funds of 16% of the RM3 toll, capped at \$60 million per year
- Current RM3 revenue is approximately \$17.9 million/month
  - Operating transfers of approximately \$2.9 million/month
- After 3<sup>rd</sup> dollar in place on January 1, 2025, RM3 toll revenue will be approximately \$26.8 million/month
  - Operating transfers of approximately \$4.3 million/month
- \$1.46 billion in RM3 capital expenditures have been allocated as of April 2024
  - Approximately \$100 million in RM3 capital expenditures reimbursed through March 2024



# Debt Issuance Considerations

- Leverage and liquidity
  - Leverage: Debt divided by revenue, measurement of ability to support debt
  - Liquidity: Funds available to meet needs of the bridge system
  - Given fixed needs and revenue, there is a tension between protecting liquidity and maintaining appropriate leverage
- Portfolio maintenance
  - Managing portfolio of \$2.7 billion bonds in short-term modes
  - Refinancing existing bonds for debt service savings or other business purposes
  - Consideration of product that provides combination of favorable cost, risk mitigation, and flexibility

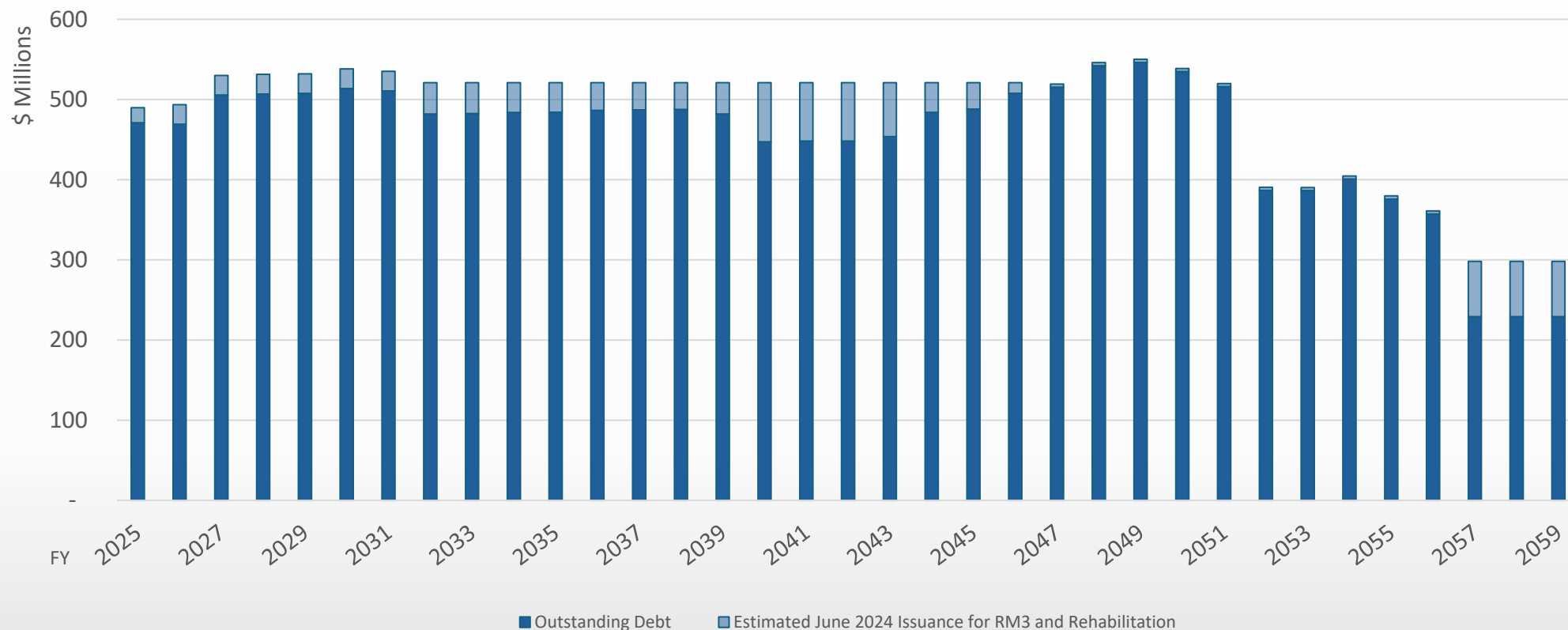


# Debt Issuance Considerations (continued)

- Market conditions
  - Rates (absolute levels and relative to investment alternatives)
  - Product marketability
- Credit and indenture/tax constraints
  - Debt service coverage
  - Liquidity
  - Lien
  - Leverage
  - Use of proceeds

# Annual Debt Service

## Outstanding and Estimated June 2024 Debt (As of 4/1/2024)



Notes: Assumes unhedged variable rate debt at 2%. Does not include LOC and remarketing support costs. BABs interest payment is net of Federal subsidy payment less assumed sequestration. Assumes \$612 million in new money bonds in June 2024.

# Asset Management

# Asset management policy & objectives

## BATA Toll Bridge Asset Management Principles



**Focusing on  
People & Safety**

Customers, Partner Agencies & Staff



**Addressing  
Life Cycle Cost**



**Adopting a Quantifiable  
Approach**



**Promoting Sustainability &  
Ongoing Enhancement**

## BATA Toll Bridge Asset Management Objectives



**Support  
Caltrans  
Capital &  
O&M Efforts**



**Maintain  
Desired Asset  
Condition**



**Improve  
Funding  
Effectiveness**

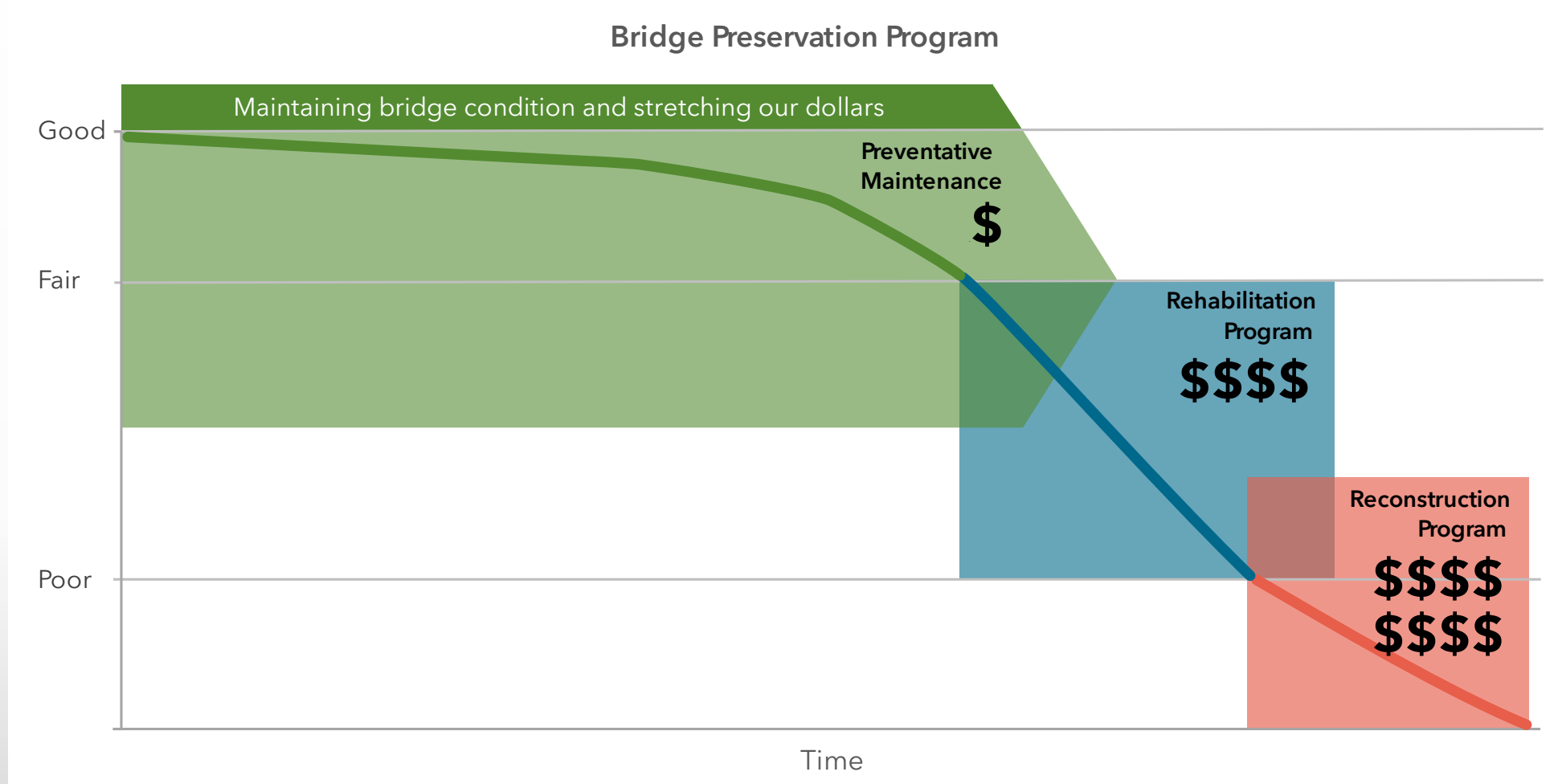


**Increase  
Engagement**



**Strengthen  
Asset  
Management  
Program**

# Bridge Preservation Minimizes Life Cycle and Replacement Costs and Maximizes Value of our Spending



Adapted from Source: U.S. Department of Transportation Federal Highway Administration, "[Bridge Preservation Guide](#)."



# Sample Life Cycle Analysis results for a bridge

## Establishing Toll Bridge Scenarios to Target Cost-Effective Strategies

Scenario planning for a sample bridge



- **Scenario 1 Spot Repair:**  
Fix bridge elements before they fall into very poor conditions
- **Scenario 2 Reduce Backlog:**  
Fix bridge elements as needed to sustain fair condition
- **Scenario 3 Accelerate Rehab:**  
Fix bridge elements as needed to increase time in good condition

# Asset Management

- Efforts underway follow the BATA Recovery Action Plan (June 2021)
- In 2025, comprehensive analysis for the network of toll bridges will be presented
- This work will inform the 10-Year Capital Improvement Plan (CIP) and capital requirements beyond the 10-year CIP horizon
- Both the CIP and the capital needs associated with asset management are likely to require funding from bond proceeds and toll revenue in excess of current levels



# Rehab Toll Increase Considerations

# Level Setting

- The need for an additional toll increase for rehabilitation was identified pre-pandemic, and has been included in BATA's long-term financial planning with a January 2027 effective date
- BATA Recovery Ad Hoc Working Group recognized the need to track traffic, costs and asset management needs to inform timing and amount of a toll increase
  - Higher than expected inflation continues to put pressure on CIP estimates and forecasts
  - As discussed previously, the pandemic appears to have reset bridge traffic at significantly lower levels
  - Conversion to all-electronic tolling and lower collection levels exacerbates impact on revenue from decrease in traffic
  - Combined, these lead to annual revenue \$170 million less than would be seen at 2019 paid traffic levels – nearly enough to fund CIP program on pay-as-you-go basis
  - Decrease in paid traffic produces \$78 million less RM3 revenue (at January 2025), but only \$12.5 million decrease in RM3 expense

# Considerations in Toll Schedule Adjustments

- Toll differentials
  - Incentivize FasTrak penetration
  - Recover incremental cost associated with non-transponder transactions
- Congestion pricing
  - Was in place on Bay Bridge until April 2020
- Pricing for multi-axle vehicles
  - Multiples effective as of 2010 have been greatly reduced with introduction of RM3
  - Multi-axle vehicles place disproportionately greater stress on bridge structures
- Indexing
  - RM3 specifically allows indexing by CPI
- Levels and timing



# Questions?





# Attachment B: Key Indenture Covenants

	Senior Bonds	Subordinate Bonds
<b>Rate covenants</b>	<p>Requires increase to tolls in certain instances:</p> <ul style="list-style-type: none"> <li>• Net Revenue divided by Fixed Charges, Subordinated Maintenance Expenditures and Subordinate Obligations Payments is less than 1.0; <i>or</i></li> <li>• Net Revenue and Funds in O&amp;M Fund divided by Fixed Charges is less than 1.25; <i>or</i></li> <li>• Net Revenue divided by Annual Debt Service is less than 1.20.</li> </ul>	<ul style="list-style-type: none"> <li>• Requires tolls at rates projected to generate sufficient Revenue to pay amounts due on all Senior and Subordinate Bonds and Parity Obligations</li> <li>• Maintain Available Revenue sufficient for 1.20x coverage on aggregate Debt Service</li> </ul>
<b>Additional new money bonds test</b>	<p>Additional new money senior bonds allowed if either:</p> <ul style="list-style-type: none"> <li>• Net Revenue for most recent fiscal year divided by MADS is not less than 1.50; <i>or</i></li> <li>• Projected Net Revenue for the next three FYs divided by MADS will not be less than 1.50</li> </ul>	<p>Additional new money subordinate bonds allowed if either:</p> <ul style="list-style-type: none"> <li>• Available Revenue for most recent fiscal year divided by MADS is not less than 1.20; <i>or</i></li> <li>• (X) Projected Available Revenue for the next three FYs divided by Debt Service will not be less than 1.20, <u>and</u> (Y) Projected Available Revenue for the third FY divided by MADS will not be less than 1.20.</li> </ul>
<b>Debt service reserve fund</b>	<p>Aggregate reserve fund</p> <p>Requirement equal to lesser of (i) MADS or (ii) 125% of average annual debt service on all outstanding senior bonds</p>	<p>By series reserve funds</p> <p>Existing bonds maximum annual interest calculated at any date through final maturity</p>

# **Attachment C BATA 10-Year Toll Bridge Capital Improvement Plan (CIP) Overview**

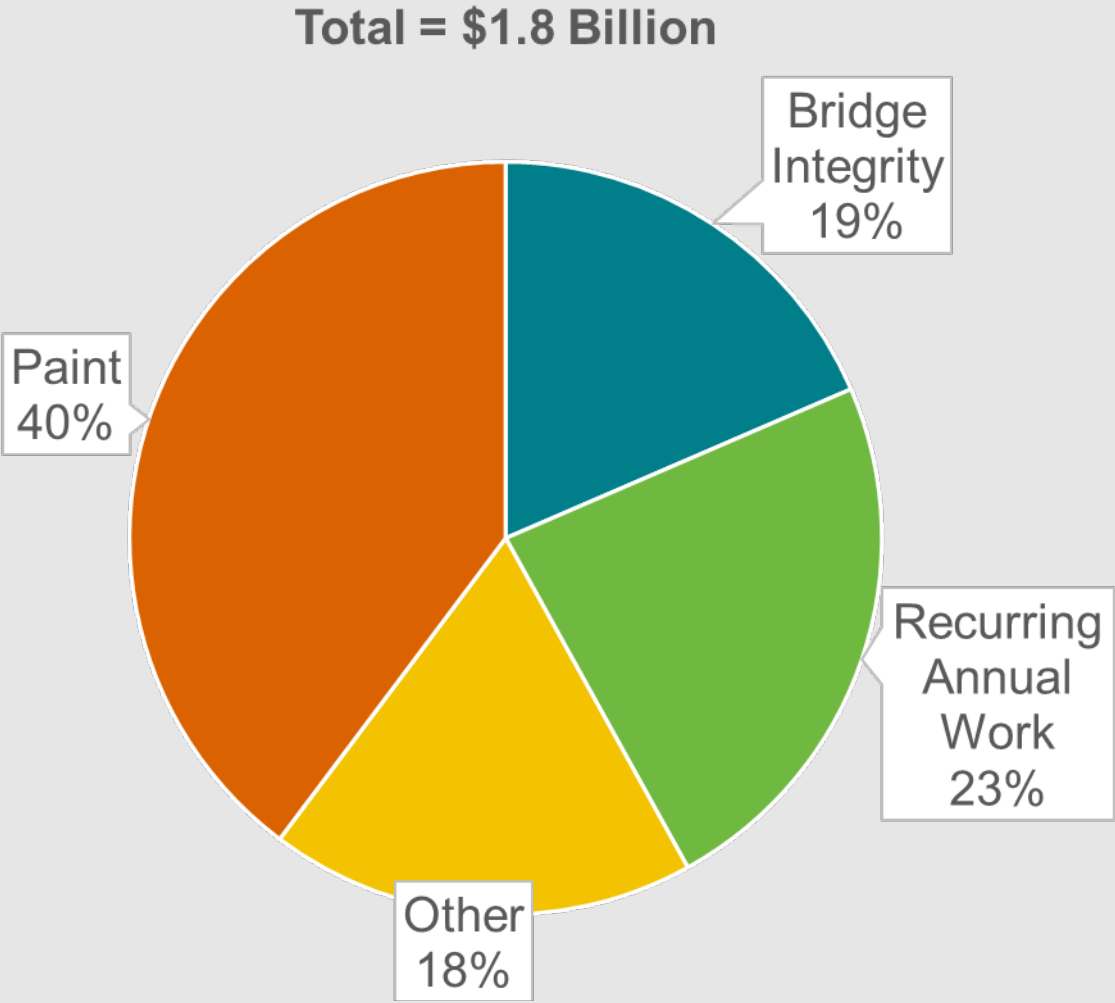
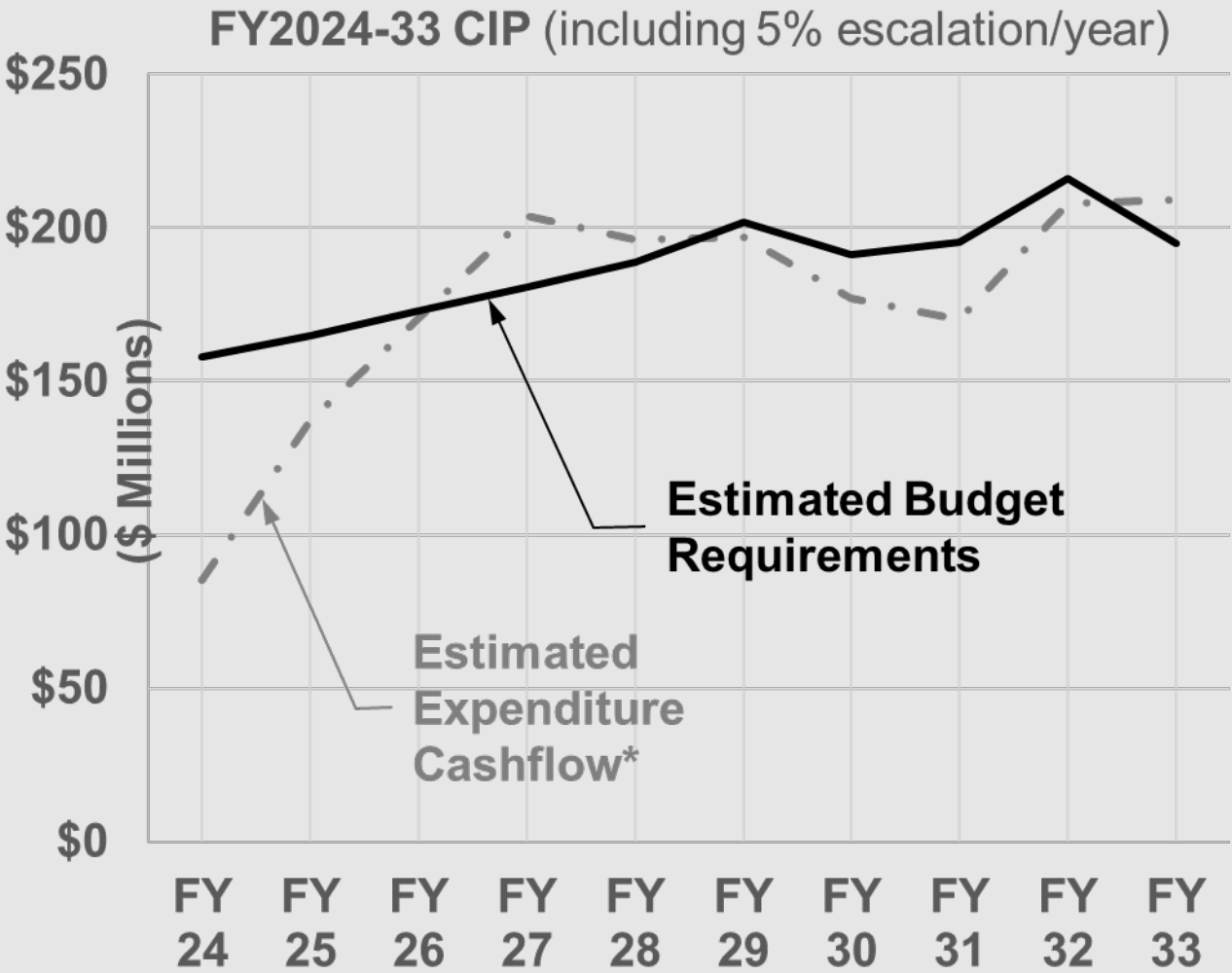
Fiscal Year 2024 – 2033 Toll Bridge  
Capital Improvement Plan  
February 2023



# What is BATA's 10-Year Toll Bridge Capital Improvement Plan (CIP)?

- A 10-year planning document starting with FY 2024-33
  - Estimates to project costs and expenditure cashflows
  - Informs budget development
- A fiscally constrained set of projects that BATA plans to fund and implement to preserve and rehabilitate the bridges and tolling infrastructure, and a set of associated estimated cashflow expenditures
  - Serves as the 10-Year Toll Bridge Rehabilitation Plan (referenced in the BATA Long Range Plan) that was historically attached to the annual BATA Capital Budget
  - Adopted separately from the annual budgeting process
- CIP is updated regularly to reflect project changes and additional data from asset management studies
  - e.g., Data coming in 2025 will allow us to factor in major rehabilitation timing into CIP project list

# FY 2024-33 CIP



\*Estimated expenditure cashflow does not include cashflow for amounts budgeted in previous years.



# Future CIP Projects

Slide 4

Category	Sample Projects from CIP	10-Year Total
Structural Steel Painting	Structural steel painting of Superstructure and Towers on various bridges	\$741M
Recurring Annual Work	Fastrak® customer service center and transponders [\$127M], Bridge Inspections [\$57M], BATA Technology Infrastructure & Security, BASE cameras [\$28M], Program Monitoring, Bay Lights Maintenance, Asset Management, Audits [\$17M]	\$437M
Bridge Integrity	Main Cable, Joints, Fenders, Structure Repairs, Deck Overlay/Repairs on various bridges	\$345M
Other	Projects related to Facilities, Electrical/Mechanical (substations, power cables), Operational Improvements (Forwards), Open Road Tolling (ORT) [\$67M]	\$341M
	<b>Total</b>	<b>\$1,864M</b>

\*A complete list is provided as Attachment A in BATA Resolution No. 166

