

**METROPOLITAN  
TRANSPORTATION  
COMMISSION**  
**Meeting Transcript**



MAY 11, 2022

1                                   **METROPOLITAN TRANSPORTATION COMMISSION**  
2                   **BUDGET STUDY SESSION OF MTC, MTC SAFE, BATA, BAHA, BAIFA**  
3                                   **WEDNESDAY, MAY 11, 2022 9:05 AM**  
4  
5   **ALFREDO PEDRO, CHAIR:** GOOD MORNING EVERYONE MY NAME IS ALFREDO  
6 PEDROZA, ALONG WITH NICK JOSEFOWITZ VICE CHAIR, CALLING TO  
7 ORDER THE MEETING OF BUDGET STUDY SESSION OF MTC, MTC SAFE,  
8 BATA, BAHA, BAIFA. IF WE CAN PLEASE PLAY THE BROADCASTING  
9 ANNOUNCEMENT? [RECORDED MEETING PROCEDURES ANNOUNCEMENT] THIS  
10 MEETING WILL BE CONDUCTED AS A HYBRID MEETING A ZOOM WEBINAR  
11 LINK HAS BEEN PROVIDED AS WELL AS ACCOMMODATIONS FOR IN-PERSON  
12 ATTENDANCE. THIS MEETING IS ALSO BEING WEBCAST ON THE  
13 METROPOLITAN TRANSPORTATION COMMISSION WEB SITE. COMMISSIONERS  
14 AND MEMBERS OF THE PUBLIC PARTICIPATION BY ZOOM, WISHING TO  
15 SPEAK, SHOULD USE THE RAISE HAND FEATURE OR DIAL STAR 9, AND  
16 THE CHAIR WILL CALL UPON THEM AT THE APPROPRIATE TIME.  
17 TELECONFERENCE ATTENDEES WILL BE CALLED UPON BY THE LAST FOUR  
18 DIGITS OF THEIR PHONE NUMBER. IT IS REQUESTED THAT PUBLIC  
19 SPEAKERS STATE THEIR NAMES AND ORGANIZATION, BUT, PROVIDING  
20 SUCH INFORMATION IS VOLUNTARY. WRITTEN PUBLIC COMMENTS  
21 RECEIVED AT [INFO@BAYAREAMETRO.GOV](mailto:INFO@BAYAREAMETRO.GOV) BY 5 P.M., YESTERDAY, WILL  
22 BE POSTED TO THE ONLINE AGENDA AND ENTERED INTO THE RECORD,  
23 BUT WILL NOT BE READ OUT LOUD. A ROLL CALL VOTE WILL BE TAKEN  
24 FOR ALL ACTION ITEMS. PANELISTS AND ATTENDEES SHOULD NOTE THAT



MAY 11, 2022

1 THE CHAT FEATURE IS NOT ACTIVE. IN ORDER TO GET THE FULL ZOOM  
2 EXPERIENCE, PLEASE MAKE SURE YOUR APPLICATION IS UP TO DATE.

3

4 **ALFREDO PEDRO, CHAIR:** THANK YOU FOR THAT IT TEAM. LET'S MOVE  
5 TO ITEM ONE, ROLL CALL, PLEASE?

6

7 **CLERK, KIMBERLY WARD:** ABE-KOGA?

8

9 **MARGARET ABE-KOGA, V. CHAIR:** HERE.

10

11 **CLERK, KIMBERLY WARD:** AHN IS ABSENT. CANEPA IS ABSENT. CHAVEZ?

12

13 **CINDY CHAVEZ:** HERE.

14

15 **CLERK, KIMBERLY WARD:** CONNOLY? IS ABSENT. COMMISSIONER DUTRA-  
16 VERNACI IS ABSENT. COMMISSIONER EL-TAWANSY IS ABSENT.  
17 COMMISSIONER FLEMING?

18

19 **VICTORIA FLEMING:** PRESENT.

20

21 **CLERK, KIMBERLY WARD:** COMMISSIONER GIACOPINI? IS ABSENT.  
22 COMMISSIONER GLOVER?

23

24 **FEDERAL D. GLOVER:** HERE.

25



MAY 11, 2022

1 **CLERK, KIMBERLY WARD:** COMMISSIONER LICCARDO IS ABSENT.

2 COMMISSIONER MILEY? IS ABSENT. COMMISSIONER PAPAN?

3

4 **GINA PAPAN:** HERE.

5

6 **CLERK, KIMBERLY WARD:** COMMISSIONER RABBIT?

7

8 **DAVID RABBIT:** HERE.

9

10 **CLERK, KIMBERLY WARD:** RONEN?

11

12 **DIR. HILLARY RONEN:** HERE.

13

14 **CLERK, KIMBERLY WARD:** SCHAFF IS ABSENT. SPERING?

15

16 **JAMES P. SPERING:** PRESENT.

17

18 **CLERK, KIMBERLY WARD:** WORTH?

19

20 **AMY R. WORTH, CHAIR:** HERE.

21

22 **CLERK, KIMBERLY WARD:** QUORUM IS PRESENT.

23

24 **ALFREDO PEDROZA:** I WOULD LIKE TO CALL ON COMMISSIONER SPERING

25 WITH THAT BACKDROP. COMMISSIONER SPERING?



MAY 11, 2022

1

2 **JAMES P. SPERING:** PLEASE JOIN ME IN THE PLEDGE OF ALLEGIANCE  
3 TO THE FLAG OF AMERICA. [ PLEDGE OF ALLEGIANCE ] "I PLEDGE  
4 ALLEGIANCE TO THE FLAG OF THE UNITED STATES OF AMERICA, AND TO  
5 THE REPUBLIC FOR WHICH IT STANDS, ONE NATION UNDER GOD,  
6 INDIVISIBLE, WITH LIBERTY AND JUSTICE FOR ALL."

7

8 **ALFREDO PEDROZA:** LET'S PROCEED TO ITEM THREE, COMPENSATION  
9 ANNOUNCEMENT.

10

11 **CLERK, KIMBERLY WARD:** AS AUTHORIZED BY STATE LAW I AM MAKING  
12 THE FOLLOWING ANNOUNCEMENT. EACH MEMBER OF THE BOARD HERE  
13 TODAY WILL BE ENTITLED TO RECEIVE \$100 PER MEETING ATTENDED UP  
14 TO A MAXIMUM OF \$500 PER MONTH PER AGENCY. THIS AMOUNT IS A  
15 PROVIDED AS A RESULT OF CONVENING A MEETING FOR WHICH EACH  
16 MEMBER IS ENTITLED TO COLLECT SUCH AMOUNT.

17

18 **ALFREDO PEDROZA:** THANK YOU, KIMBERLY. LET'S PROCEED TO ITEM  
19 FOUR ON OUR AGENDA. THIS IS FISCAL YEAR 2022 BUDGET STUDY  
20 SESSION. THANK YOU FOR MAKING THE TIME. I LOOK FORWARD TO THIS  
21 PRESENTATION. IT'S REALLY THE BEAR BONES OF HOW WE'RE ALLOWED  
22 TO TAKE ON THESE BOLD INITIATIVES IN THE REGION BUT WE NEED TO  
23 BE IN A FINANCIAL POSITION IN ORDER TO DO JUST THAT. AT THIS  
24 POINT I'M GOING TURN IT OVER TO DEREK HANSEL, BUT I'M GOING TO  
25 ASK IF OUR EXECUTIVE DIRECTOR HAS ANY COMMENTS TO KICK IT OFF?



MAY 11, 2022

1

2 **THERESE MCMILLAN:** NO. WE'RE READY TO GO.

3

4 **ALFREDO PEDROZA:** ALL RIGHT. DEREK, THE FLOOR IS YOURS. THIS IS  
5 THE FIRST TIME YOU'RE GOING TO BE PRESENTING THE BUDGET. WE  
6 LOOK FORWARD TO YOUR PRESENTATION. TAKE IT AWAY. HAHN.

7

8 **DEREK HANSEL:** GOOD MORNING. I WOULD TO THANK THE MEMBERS OF  
9 OUR BUDGET TEAM WHO HAVE DONE A TREMENDOUS AMOUNT OF WORK. I  
10 KEEP TELLING THEM SLEEP IS OVERRATED AND THERE WILL BE TIME  
11 FOR SLEEP IN JULY ONCE WE GET THE BUDGETS LOADED UP. IT'S KIND  
12 OF A TREMENDOUS PROCESS WITH LOTS OF NIGHTS AND WEEKENDS. THAT  
13 TEAM INCLUDES OUR SECTION DIRECTOR ARLEICKA CONLEY, SUSAN  
14 BODI, ABBY HALEY, AND MILES SMITH AND ALL THOSE WHO WORK TO  
15 GET THIS PROCESS DONE IT'S A LOT OF WORK ACROSS EVERY PIECE  
16 THAT WE TOUCH. TODAY I'M GOING TO -- SORRY -- NEXT SLIDE. AND  
17 THERE WE GO. I'M GOING TO PROVIDE A LITTLE BIT OF BACKDROP ON  
18 MACRO ECONOMIC TRENDS. THOSE ARE REALLY GOING TO BE INTENDED  
19 TO SET THE CONTEXT OF THE DISCUSSION, PARTICULARLY RISKS THAT  
20 EVERY CFO LOSES SOME SLEEP OVER, AND THEN WE'LL PRESENT DRAFT  
21 BUDGETS FOR THE AGENCIES AND PROGRAMS UNDER MTC UMBRELLA. NEXT  
22 SLIDE. WE'RE GOING TO START WITH A QUICK DISCUSSION OF  
23 NATIONAL AND REGIONAL ECONOMIC ISSUES. AGAIN, REALLY THINKING  
24 ABOUT THIS IN THE CONTEXT OF RISK. PARTLY FOR FISCAL 23, BUT  
25 REALLY FRANKLY KIND OF SETTING US UP FOR BEYOND FISCAL '23,



MAY 11, 2022

1 WHERE WE DO SEE SOME POTENTIAL HEADWINDS THAT COULD AFFECT US  
2 AND THAT WE KIND OF NEED TO BE PREPARED FOR IF THEY RESULT.  
3 NEXT SLIDE. SO THE NATIONAL ECONOMY GENERALLY IS RECOVERED  
4 REALLY WELL FROM THE PANDEMIC INDUCED RECESSION. THAT HAS BEEN  
5 SUPPORTED BY AN AMAZING AMOUNT OF FISCAL AND MONETARY SUPPORT  
6 FROM THE FEDERAL GOVERNMENT. THAT INCLUDES THE CARES, CRRSAA  
7 AND ARPA PROGRAMS. IT'S ALSO THE CASE THAT THERE HAS BEEN A  
8 STAGGERING AMOUNT OF MONETARY SUPPORT FROM THE FEDERAL  
9 RESERVE, BOTH IN MAINTENANCE OF EXTREMELY LOW INTEREST RATES,  
10 AND, ALSO, JUST, THEY'RE HAVING BUILT A HUGE BALANCE SHEET  
11 WHICH THEY'RE NOW IN THE PROCESS OF UNWINDING. GROSS DOMESTIC  
12 PRODUCT HAS SET NEW RECORDS THERE WAS A DROP IN THE FIRST  
13 QUARTER OF THIS CALENDAR YEAR, THAT APPEARS TO BE REASONABLY  
14 TECHNICAL IN NATURE, RELATED TO HIGH IMPORT LEVELS AND  
15 DECREASING INVENTORIES FOR A VARIETY OF COMPANIES THROUGHOUT  
16 THE COUNTRY. CONSUMER DEMAND, ON THE OTHER HAND, CONTINUES TO  
17 BE EXTREMELY STRONG. THAT'S BEEN THE PRIMARY DRIVER OF THE  
18 U.S. ECONOMY FOR MANY, MANY YEARS AND CONTINUES. THE BIG  
19 STORIES THAT WE HEAR INTERNATIONALLY, DO, POTENTIALLY WEIGH ON  
20 THINGS. THE UKRAINE CRISIS, COVID, STILL, PARTICULARLY ITS  
21 IMPLICATIONS IN CHINA WHERE THERE HAVE BEEN A NUMBER OF  
22 LOCKDOWNS IN PLACES LIKE SHANGHAI, BEIJING, AND REALLY ACROSS  
23 THE COUNTRY AS A RESULT OF CHINA'S ZERO COVID POLICIES, AND  
24 THAT'S REALLY HAVING SOME IMPACTS ON SUPPLY CHAIN ISSUES. NEXT  
25 SLIDE. UNEMPLOYMENT IS FULLY RECOVERED TO SET NEAR RECORD LOW



MAY 11, 2022

1 LEVELS NATIONALLY. IN THE BAY AREA CONTINUES TO PERFORM  
2 INCREDIBLY WELL IN THIS REGARD. BUT THERE IS MORE TO THIS  
3 STORY WE HAVE HEARD A LOT ABOUT THE GREAT RESIGNATION AND  
4 THERE ARE PIECES OF THAT THAT CERTAINLY ARE TRUE AND PRESENT  
5 SOME CHALLENGES FOR CORPORATIONS FOR HIRING, FOR GOVERNMENTAL  
6 AGENCIES, NOT LEAST OURSELVES, IN TERMS OF HIRING, AND  
7 RETENTION. IT IS ALSO THE CASE, HOWEVER, THAT THE LABOR  
8 PARTICIPATION RATE HAS BEEN GRINDING DOWN FOR THE LAST 20  
9 YEARS. THAT IS, FOLKS JUST AREN'T PARTICIPATING IN THE LABOR  
10 MARKETS TO THE DEGREE THAT THEY USED TO. AND YOU CAN SEE IN  
11 THIS CHART ON THE RIGHT, THAT THE LABOR PARTICIPATION LEVELS  
12 ARE ABOUT AS LOW AS THEY HAVE BEEN SINCE THE MID-'70S. NEXT  
13 SLIDE. INFLATION IS PROBABLY A HUGE PART OF THE STORY TODAY.  
14 IT HAS BEEN RISING AND RISING AND RISING. WE DID JUST GET A  
15 PRINT THIS MORNING THAT IT IS A LITTLE LOWER THIS MONTH THAN  
16 WE WOULD HAVE SEEN KIND OF ON AN ANNUAL BASIS IN MARCH. THAT'S  
17 MODEST GOOD NEWS, AND IT IS TRULY MODEST GOOD NEWS. YOU CAN  
18 SEE ON THE CHART ON THE LEFT, OVERALL INFLATION AND WHAT WE  
19 CALL THE CORE RATE OF INFLATION WHEN WE BACK OUT FOOD AND  
20 ENERGY COSTS, WHICH HAVE BEEN PRIMARY DRIVERS OVER THE LAST  
21 LITTLE BIT, AGAIN, PRIMARILY WITH UKRAINE PRICES. IT IS ALSO  
22 THE CASE, HOWEVER, AND I APOLOGIZE THAT THESE LINES ARE A  
23 LITTLE LESS CLEAR THAN I WOULD LIKE, BUT IF YOU TAKE A LOOK AT  
24 THAT PURPLE DOTTED LINE, THAT'S BAY AREA INFLATION, AND THAT'S  
25 -- IT'S ACTUALLY COMPARED TO BOTH LOS ANGELES AND SAN DIEGO.





MAY 11, 2022

1 IN THIS CHART. AND WHILE NATIONAL INFLATION IS HIGH,  
2 CALIFORNIA INFLATION IS HIGH. THE BAY AREA INFLATION, WHILE  
3 HIGHER THAN WE WOULD LIKE, IS RIGHT NOW RUNNING AROUND 5%,  
4 WHICH IS NOTABLY LOWER THAN WHAT WE SEE IN OTHER AREAS OF BOTH  
5 THE COUNTRY AND THE STATE. NEXT SLIDE. THIS IS ONE OF MY  
6 FAVORITE PAGES IN THE PRESENTATION AND PROBABLY ONLY APPEALS  
7 TO A FINANCE GUY. BUT THIS IS WHAT WE CALL THE DOT PLOT. AND  
8 THE IDEA HERE IS THE FEDERAL RESERVE IS TRYING TO GET AROUND  
9 THE PROBLEM OF INFLATION, WHICH HAS REALLY BEEN A BIG ECONOMIC  
10 STORY FOR WELL MORE THAN A YEAR NOW WE HEARD A LOT A YEAR AGO  
11 ABOUT THE NOTION OF TRANCE TORE INFLATION. THAT IS THE FED'S  
12 VIEW THAT INFLATIONARY PRESSURES WERE TEMPORARY IN NATURE, AND  
13 WERE LIKELY TO UNWIND. IT'S VERY CLEAR THAT THAT WAS NOT, IN  
14 FACT, THE CASE. WE CAN SEE ON THE LEFT THESE DOT PLOTS ARE  
15 REALLY AN INDICATION OF WHAT THE FEDERAL RESERVE BOARD MEMBERS  
16 THEMSELVES THINK IS GOING HAPPEN WITH SHORT-TERM INTEREST  
17 RATES. YOU CAN SEE ON THE LEFT THAT THEY EXPECTED REASONABLY  
18 LOW INCREASES IN SHORT-TERM INTEREST RATES, NONE THROUGH '21,  
19 LOW INCREASES IN 2022, AND SOMEWHAT HIGHER, BUT STILL MODEST  
20 INCREASES IN 2023. THAT WAS WHAT THEY THOUGHT A YEAR AGO. THE  
21 CHART ON THE RIGHT SHOWS WHAT THEY'RE THINKING RIGHT NOW. AND  
22 YOU CAN SEE HOW MUCH HIGHER THAT I THINK INTEREST RATES NEED  
23 TO GO AND BE IN ORDER TO ADDRESS INFLATION. THEY HAVE ALREADY  
24 TAKEN TWO RELATIVELY SIGNIFICANT MOVES. WE ANTICIPATE THERE  
25 WILL BE A SERIES OF HALF POINT INCREASES, POSSIBLY AT EVERY



MAY 11, 2022

1 MEETING FOR SOME PERIOD OF TIME, UNTIL THEY START TO GET  
2 INFLATION UNDER CONTROL. AT THE SAME TIME, AND I MENTIONED  
3 FED'S BALANCE SHEET A LITTLE BIT AGO IN THE CONTEXT OF  
4 BUILDING A KIND OF FIRE WALL AGAINST A DEEP RECESSION, THEY  
5 ARE NOW UNWINDING THAT BALANCE SHEET. THERE IS A PIECE OF GOOD  
6 NEWS, AND MOSTLY LESS GOOD NEWS. THE PIECE OF GOOD NEWS IS,  
7 FOR EVERY BIT OF INVESTABLE ASSETS THAT WE HAVE GOT THAT'S  
8 RELATIVELY SHORT ON THE YIELD CURVE AND RELATIVELY LIQUID, WE  
9 CAN ACTUALLY GENERATE SOME MORE INTEREST INCOME. SO THAT'S A  
10 POSITIVE. EVERYTHING ELSE IS PROBABLY A LITTLE BIT NEGATIVE,  
11 IF NOT MORE NEGATIVE. AND THAT'S THE IDEA THAT WHAT THE FED IS  
12 TRYING TO DO RIGHT NOW IS STEER US TOWARDS KIND OF A SOFT  
13 LANDING, IS HOW DO WE REDUCE INFLATION, HOW DO WE PROBABLY  
14 INCREASE EMPLOYMENT A LITTLE BIT WITH THE IDEA TO A PLACE  
15 WHERE IT'S NOT DRIVING INFLATION AND THERE ARE MARKET THAT IS  
16 MORE SUSTAINABLE AND STABLE AND THAT WE REALLY DON'T GO INTO A  
17 RECESSION. THE CHALLENGE IS AS THESE INCREASES ARE RELATIVELY  
18 SHARP RELATIVELY STEEP IN ORDER TO ADDRESS INFLATION, THERE IS  
19 GREATER RISK OF RECESSION. SO, 7, 8 MONTHS AGO THERE WASN'T  
20 REALLY A LOT OF TALK ABOUT RECESSION IN THE NEAREST TERM.  
21 TODAY, THERE IS MUCH MORE TALK ABOUT RECESSIONARY PRESSURES  
22 THAT COULD APPLY LATE IN CALENDAR '23 OR IN CALENDAR '24.  
23 THOSE RISKS HAVE INCREASED. AND SO WE JUST NEED TO BE  
24 CONSCIOUS OF THAT, AGAIN, AS WE MOVE INTO THIS BUDGET PROCESS  
25 AND THINK BEYOND FISCAL '23, AND INTO FISCAL '24 AND BEYOND.



MAY 11, 2022

1 NEXT PAGE PLEASE. WE TALKED ABOUT HOW OUR ECONOMY HAS DONE  
2 PRETTY WELL, OUR SALES TAX AS A REGION REVERSED BUT IT'S  
3 NOTABLE THAT'S BEEN A LITTLE BIT DISPARATE ACROSS OUR COUNTY.  
4 SAN FRANCISCO WAS HIT HARDER THAN THE SURROUNDING COUNTIES BY  
5 ITS DEPENDENCE ON BOTH TOURISM AND THE FOLKS COMING INTO SAN  
6 FRANCISCO ON A DAILY BASIS AND THE DOWNTOWN RECOVERY. THE  
7 PANDEMIC INDUCED RECESSION, OF THE SPRING 2020 WHICH BY THE  
8 WAY WAS ONE OF THE SHORTEST RECESSIONS EVER, IT WAS A TWO  
9 MONTH RECESSION, BUT IT REALLY DISPARATELY AFFECTED WOMEN AND  
10 DISADVANTAGED COMMUNITIES. AND THAT'S BECAUSE OF THE NATURE OF  
11 THE KINDS OF BUSINESSES THAT WERE HIT, AND, FRANKLY, WERE  
12 PERSISTENTLY HIT BEYOND THAT TWO MONTH PERIOD. MANY  
13 RESTAURANTS HAD CHALLENGES, AND TOURISM, AND TOURISM RELATED  
14 INDUSTRIES, THOSE ARE AFFECTING WOMEN IN DISADVANTAGED  
15 COMMUNITIES, AND DISPROPORTIONATELY WOMEN STAYED HOME AND MANY  
16 OF THEM OUT OF THE WORKPLACE AS CHILDREN WERE NOT IN SCHOOLS  
17 AND, INSTEAD, WERE DOING SCHOOLING FROM HOME. NEXT SLIDE,  
18 PLEASE. AS WE THINK ABOUT OUR EFFECTS DIRECTLY AT OUR  
19 AGENCIES, GENERALLY, BRIDGE TRAFFIC IS GROWING MODESTLY OVER  
20 THE LAST YEAR PLUS. BUT STILL BELOW FISCAL LEVELS OUR TRAFFIC  
21 PREPANDEMIC -- DELTA SURGE, PARTIAL RECOVERY IN 2021,  
22 INTERRUPTED BY THE OMICRON SURGE. SO WE'RE SEEING THIS TREND  
23 IN THE RIGHT DIRECTION AFTER REASONABLY WEAK PERFORMANCES IN  
24 JANUARY AND FEBRUARY. BUT, AGAIN, WE'RE STILL WELL BELOW  
25 PREPANDEMIC LEVELS. NEXT PAGE. AND THEN THERE IS WORK-FROM-



MAY 11, 2022

1 HOME. WE HAVE REAL RISKS ON THE BRIDGE SIDE FROM THE  
2 POSSIBILITY THAT WE DON'T SEE A RETURN TO OFFICE THAT LOOKS  
3 ANYTHING LIKE WHAT EXISTED PREPANDEMIC. IT AFFECTS BRIDGE  
4 TRAFFIC, IT WILL CERTAINLY AGAIN AFFECT SALES TAX REVENUE IN  
5 SAN FRANCISCO. SO WHILE THERE ARE MANY, MANY GOOD THINGS ABOUT  
6 IT, GENERALLY, IT DOES AFFECT OUR AGENCIES, AND OUR AGENCY'S  
7 REVENUES THAT ARE PARTICULARLY CHALLENGING. NEXT PAGE. THE  
8 DISPARATE IMPACTS FROM HOME ARE SEEN ON THIS CHART. WE HAVE  
9 THE BENEFIT OF HAVING A SYSTEM BUT WE SEE IN THAT SYSTEM THERE  
10 ARE AREAS OF SIGNIFICANT SOFTNESS. THIS YELLOW LINE SHOWS THE  
11 RECOVERY OF TRAFFIC ON THE SAN MATEO AND DUMBARTON BRIDGES FOR  
12 PREPANDEMIC LEVELS. THE OTHER LINE SHOW WHAT WE SEE ON OUR  
13 NORTHERN CROSSINGS, SAN FRANCISCO AND RICHMOND SAN RAFAEL. YOU  
14 CAN SEE THAT THE SOUTHERN CROSSINGS HAVE ABSOLUTELY NOT  
15 RECOVERED TO THE SAME LEVEL. THAT IS, WE THINK, REALLY RELATED  
16 TO THE TYPE OF COMPANIES AND THE GREATER ABILITY FOR WORK-  
17 FROM-HOME THAT ARE SERVICED BY THOSE TWO BRIDGES, AS OPPOSED  
18 TO THE REST OF OUR SYSTEM. AND, AGAIN, HERE YOU CAN JUST SEE  
19 THOSE, THE IMPACT OF THOSE SURGES, BOTH THE DELTA SURGE, AND  
20 THE OMICRON SURGE WITH TRAFFIC RECOVERY. NOW THE MAIN EVENT,  
21 WE'LL TALK ABOUT BUDGETS THEMSELVES. NEXT SLIDE. SO, GENERAL  
22 ASSUMPTIONS THAT PERSIST THROUGHOUT ALL OF THESE BUDGETS, WE  
23 DO ASSUME, CURRENTLY, A 2.8% COLA. SO COST OF LIVING  
24 ADJUSTMENT IN ALL OF THESE BUDGETS, THAT IS THE COLA THAT IT  
25 EXISTS IN THE CURRENT MOU THAT IS EXPIRING. SO WE'RE CURRENTLY



MAY 11, 2022

1 IN NEGOTIATIONS WITH OUR EMPLOYEES ABOUT WHAT FISCAL '23 MIGHT  
2 LOOK LIKE AND BEYOND. AND IF WE HAVE GOT FINALIZED  
3 NEGOTIATIONS BY THE TIME THAT WE'RE PRESENTING BUDGETS FOR  
4 APPROVAL, WE'LL CERTAINLY BE INCLUDING THOSE. THESE BUDGETS  
5 ASSUME NO NET NEW POSITIONS THOUGH WE FULLY EXPECT THERE WILL  
6 BE NEW POSITIONS BOTH IN THE GENERAL FUND AND GRANT FUND  
7 BUDGETS. OUR REVENUE ASSUMPTIONS DO INCREASE SALES TAX  
8 REVENUES AND CONTINUED BRIDGE TRAFFIC RECOVERY ON THE SALES  
9 TAX REVENUE WE WORKED TO GET DATA POINTS BOTH FROM OUR  
10 INDEPENDENT SALES TAX CONSULTANT, AS WELL AS THE STATE  
11 DEPARTMENT OF FINANCE AND WE TRY TO WORK TO FIND A MIDDLE  
12 GROUND THAT PROVIDES US BEST ESTIMATE THAT WE CAN USE FOR  
13 THESE PROJECTIONS. ON THE BRIDGE TRAFFIC, WE TRY TO BE  
14 INFORMED BY BOTH WHAT WE SEE IN BOTH GENERAL ECONOMIC TRENDS  
15 IN ADDITION WHAT WE SEE HAVING HAPPENED OVER THE LAST BIT IN  
16 TERMS OF TRAFFIC RECOVERY. THAT SAID, I THINK IF WE LOOK  
17 PREPANDEMIC, WE WERE FAR BETTER POSITIONED TO MAKE REASONABLE  
18 ASSUMPTIONS WITH A HIGH DEGREE OF PREDICTABILITY ON WHAT  
19 BRIDGE TRAFFIC WAS GOING TO DO. THAT KIND OF ANALYSIS AND  
20 ESTIMATING HAS BECOME INCREASINGLY DIFFICULT FOR US, FOR ALL  
21 OF THE RIDERSHIP DEPENDENT TRANSIT AGENCIES, PARTICULARLY IN  
22 THIS AREA WHERE THERE IS SO MUCH VOLATILITY, SO MUCH TIED TO  
23 UNKNOWN ESTIMATES OF WHAT'S GOING TO HAPPEN WITH WORK-FROM-  
24 HOME VERSUS RETURN TO OFFICE, AND WHAT'S GOING TO HAPPEN WITH  
25 THE COURSE OF THE PANDEMIC ITSELF. THE EXPRESS LANES HAVE BEEN



MAY 11, 2022

1 PERFORMING VERY WELL. LATE, WE HAVE SEEN 680 REALLY RECOVER  
2 QUITE NICELY AFTER SOME PRETTY SUBSTANTIAL CHALLENGES RELATED  
3 TO PANDEMIC, AND 880 HAS PERFORMED GREAT. WE'RE STILL WORKING  
4 THROUGH ALL OF THOSE POSITION REQUESTS THAT WE HAVE GOT AND WE  
5 WILL BE BRINGING THAT BACK TO YOU IN THE PROPOSED BUDGET IN  
6 JUNE. WE'RE ALSO CONTINUING TO WORK ON GRANTS AND OTHER  
7 RELATED REVENUES AND EXPENSES. WE NOTE THAT THERE IS GOING TO  
8 BE A BIT OF A CHANGE IN THE WAY THAT WE DO THE BUDGETS THIS  
9 YEAR, WHICH IS THAT NON-OBLIGATED GRANTS WON'T BE INCORPORATED  
10 INTO THE REVENUES AND EXPENSES RIGHT NOW. THOSE REQUIRE  
11 ADDITIONAL APPROVAL FROM THE COMMISSION, IN ANY EVENT, TO  
12 ACCEPT THOSE FUNDS, AND SO WHAT WE'LL DO IS PROPOSE BUDGET  
13 AMENDMENTS AT THE TIME THAT THOSE GET APPROVED. AND, FINALLY,  
14 YOU WILL NOTE IN A COUPLE PLACES, PARTICULARLY ON THE MTC  
15 BUDGET, THAT WE SHOW A DEFICIT IN THE DRAFT BUDGET. WE'RE  
16 CERTAINLY HOPEFUL IN WORKING TO THE NOTION THAT WE'LL BE  
17 PRESENTING BALANCE BUDGETS WITHOUT THE NEED TO DRAW UPON  
18 RESERVES FOR THAT. NEXT SLIDE. NOT GOING TO BELABOR THIS PAGE  
19 A LOT JUST GENERAL TO SAY IT'S A CREDIT TO EVERYBODY  
20 PERFORMING WHO HAS WORKED IN THIS ROLE AND THROUGHOUT THE  
21 ORGANIZATION TO IMPROVE RESERVES. CERTAINLY THE PANDEMIC HAS  
22 HAD AN EFFECT ON OUR FINANCES BUT THESE HAVE BEEN PRETTY  
23 MODERATE. OUR POSITION CONTINUES TO BE FAR BETTER THAN AT THE  
24 END OF FISCAL 2020. THE COMMISSION ITSELF HAS TAKEN  
25 SUBSTANTIAL STEPS TO IMPROVE THINGS THROUGH THAT TO ADDRESS



MAY 11, 2022

1 PENSION LIABILITY AND OTHERS. AGAIN OUR FINAL FIGURES WILL BE  
2 BASED ON THE ACTUAL NET PENSION LIABILITY AND THE FINAL  
3 BUDGET. WE ARE CONTINUING TO WORK THROUGH THOSE, BUT FISCAL  
4 '21 WAS GREAT FOR BOTH OUR PENSION FUNDING AND OUR OPEB TRUST.  
5 THAT S WE CERTAIN EXPECTING SOME NET GAINS, THOUGH MAYBE LESS  
6 THAN WE WOULD HAVE HOPED IN FISCAL 22, THOSE ARE STARTING TO  
7 GET MOD RATED DOWN FURTHER WITH THE SELL OFF OF THE STOCK  
8 MARKETS SO WE'LL BE FOLLOWING WITH THAT PRETTY CLOSELY. NEXT  
9 SLIDE. AS I MENTIONED, OUR OTHER POST EMPLOYMENT BENEFITS,  
10 THIS IS FOR RETIREE HEALTH CARE, IS GENERALLY IN VERY, VERY  
11 GOOD SHAPE. WE DO HAVE A NET ASSET ON THE OPEB SIDE. RIGHT NOW  
12 WE'RE ESTIMATING ON THE ORDER OF A FEW MILLION DOLLARS AT THE  
13 END OF FISCAL 2022, THE INTEREST ON OUR 115 TRUST IT EXCEEDS  
14 THE RETIREE MEDICAL PAYMENTS WE HAVE GOT NOW AND  
15 [INDISCERNIBLE] DRAWS ON THE TRUST. NEXT SLIDE. THIS  
16 COMMISSION HAS WORKED REALLY, REALLY HARD WITH AGENCY  
17 LEADERSHIP TO ADDRESS THE UNFUNDED PENSION LIABILITY. YOU  
18 KNOW, THIS IS HUGE. WE HAD GREAT RETURN PERS THROUGH FISCAL  
19 2021. THIS CHART SHOWS THAT'S A NEGATIVE STILL DUE TO THE WAY  
20 THE NUMBERS ARE CALCULATED. THE FISCAL 2021 NUMBERS WERE  
21 ESSENTIALLY A ROLLED FORWARD CALCULATION FROM FISCAL '20. WE  
22 DO HAVE REPORTS FROM CALPERS THAT SHOW THAT'S AN ASSET WHILE  
23 WE MAY GET HIT A TINY BIT AS WE WORK THROUGH THE CELL SELL OFF  
24 THIS LAST FISCAL PART OF 2022, WE STILL HAVE AN ASSET RESERVE  
25 IN THE CALPERS PENSION FUNDING AT THE END OF FISCAL 2022. NONE



MAY 11, 2022

1 OF THIS REFLECTS THE MONEY THAT EXISTS CURRENTLY IN OUR 115  
2 TRUST FOR PENSIONS. NEXT SLIDE. FLUSH OUR LIQUIDITY PENSION  
3 TENDS TO BE STRONG. JUST TREMENDOUS AMOUNTS OF LIQUIDITY  
4 FRANKLY IN ALL OF THE AGENCIES. AND, FRANKLY, EVEN RELATIVELY  
5 GOOD BALANCES IN BAHA. NEXT SLIDE. AND THEN THE BUDGETS  
6 THEMSELVES. NEXT SLIDE. HERE IS OUR MTC BUDGET. WE'RE WORKING  
7 THROUGH SOME OF THE DETAILS ON THIS BUDGET, BUT WE'RE  
8 CERTAINLY EXPECTING TO BE ABLE TO DELIVER TO YOU A BALANCED  
9 BUDGET. THIS INCLUDES PROJECTED INCREASES IN SALES TAX  
10 REVENUES FROM THIS FISCAL YEAR, AND A SUBSTANTIAL INCREASE  
11 FROM FUNDING FROM OBAG THREE. AGAIN, THE SALARY AND BENEFITS  
12 EMBEDDED IN THIS DRAFT BUDGET ARE CURRENTLY BASED ON THE  
13 CURRENT MOU COLA OF 2.8%, AND, AGAIN, WE'RE IN NEGOTIATIONS ON  
14 THAT. AND AS POINTED OUT EARLIER, THE NON-AWARDED CONTRACTS  
15 HAVE NOT YET BEEN INCLUDED, BUT WILL BE INCORPORATED IN FUTURE  
16 BUDGET AMENDMENTS AS THOSE FUNDS ARE OBLIGATED. NEXT SLIDE. I  
17 WANT TO TAKE A REALLY QUICK DIGRESSION AND NOTE THAT WE'LL BE  
18 BACK BEFORE YOU IN THE NEXT SEVERAL MONTHS TO HAVE A BROADER  
19 DISCUSSION ABOUT OVERHEAD AND INDIRECT COST. THIS MAY BE A  
20 SUBJECT THAT ONLY APPEALS TO THE INTERNAL COST ACCOUNTANT  
21 WANNABE OF ANY CFO. THE ISSUE CAME UP IN THE CONTEXT OF  
22 CONSIDERATION OF BAHFA'S BUDGET A COUPLE OF WEEKS AGO. SO I  
23 JUST WANTED TO TALK A LITTLE BIT ABOUT HOW THIS GETS  
24 DETERMINED. YOU WILL SEE THAT, REALLY, OVERHEAD IS ABOUT WHAT  
25 IT COSTS THIS AGENCY TO PROVIDE SUPPORT FOR THE WHOLE OF





MAY 11, 2022

1 PROGRAMS THAT WE DO WHERE WE CAN'T APPROPRIATELY ALLOCATE  
2 THOSE COSTS TO INDIVIDUAL PROGRAMS. WHAT DO I MEAN? IT'S  
3 THINGS LIKE HUMAN RESOURCES. IT'S THINGS LIKE CABLE, ACCOUNTS  
4 PAYABLE, OUR INFORMATION TECHNOLOGY SERVICES. A WHOLE BUNCH OF  
5 THINGS WHERE WE CAN'T REACH IN AND SAY, OKAY, THOSE COSTS ARE  
6 DIRECTLY ATTRIBUTABLE TO BATA, OR THOSE COSTS ARE DIRECTLY  
7 ATTRIBUTABLE TO THAT GRANT. AND SO WHAT WE DO IS WE POOL ALL  
8 OF THOSE COSTS TOGETHER AND THEN WE ALLOCATE THEM ACROSS THOSE  
9 AGENCIES AND ACROSS THOSE PROJECTS. WE CALCULATE A BASE, WHICH  
10 IS OUR DIRECT COSTS, OUR DIRECT SALARIES AND BENEFITS. WE  
11 COLLECT THAT POOL AMOUNT, AND THEN WE DETERMINE AN OVERHEAD  
12 RATE. THE ESTIMATED RATE FOR FISCAL 2023 IS GOING TO BE RIGHT  
13 AROUND 50%. AS WE RUN THROUGH THE BUDGET PROCESS THEN, WE  
14 INCLUDE THAT OVERHEAD IN A VARIETY OF PLACES IN REVENUE FOR  
15 MTC, WHICH IS, AGAIN, REIMBURSEMENT TO MTC FOR COST THAT IT IS  
16 INCURRING. AND IT SHOWS UP AS AN EXPENSE IN OTHER BUDGETS. I  
17 DO NOTE THAT BATA IS A SPECIAL CASE. THE BATA OVERHEAD IS  
18 INCLUDED IN ITS BUDGET AS A TRANSFER, AND WE STILL DO RECEIVE  
19 THAT AS REVENUE. BUT THE BATA OVERHEAD IS BASED ON A  
20 PERCENTAGE OF TOLL REVENUE, NOT THE CALCULATION THAT I JUST  
21 DESCRIBED. THAT'S PURSUANT TO STATE LAW. SO AS I SAID, IT IS A  
22 SPECIAL CASE. NEXT SLIDE. FLUSH FLASHING SO HERE IS OUR  
23 CLIPPER TWO BUDGET. WE KNOW THAT THERE ARE LOTS OF COSTS THAT  
24 ARE GOING ON RIGHT NOW ASSOCIATED WITH THE EXPANSION AND  
25 MODERNIZATION SYSTEMS FOR CLIPPER TWO AND THE



MAY 11, 2022

1 OPERATIONALIZATION OF IT DURING FISCAL 2023; WHICH IS REALLY  
2 WHAT'S DRIVING THOSE COSTS. CLIPPER WILL BE OPERATING PARALLEL  
3 SYSTEMS OF BOTH CLIPPER ONE AND CLIPPER TWO UNTIL 2024, SO WE  
4 CAN EXPECT THESE COSTS WILL REMAIN A LITTLE HIGHER THROUGH  
5 FISCAL '24, THAN WE HOPED THEY WOULD BEYOND THAT AS CLIPPER  
6 COMES OUT. THIS SHOWS THE CAPITAL COSTS CONTINUE TO BE  
7 ASSOCIATED WITH BOTH CLIPPER ONE AND CLIPPER TWO. CLIPPER ONE,  
8 ALL OF THOSE COSTS ARE RELATED TO CARD SALES. CLIPPER TWO,  
9 THEY'RE A VARIETY OF THINGS BEING FUNDED THERE, BUT YOU CAN  
10 SEE IT'S MOSTLY ON THE CONSULTING SIDE. AND THOSE ARE BEING  
11 FUNDED BY A VARIETY OF FUND SOURCES, INCLUDING, CERTAINLY, NEW  
12 CARD SALES, BUT ALSO STATE OF GOOD REPAIR, STA, AND  
13 [INDISCERNIBLE] NEXT SLIDE. A VARIETY NEW PROJECTS IN BAY  
14 FORWARD. YOU CAN SEE THOSE ON THE LEFT. NEXT SLIDE. AND, NOW,  
15 ON TO THE BATA OPERATING BUDGET. WE ARE FORECASTING TRAFFIC  
16 GROWTH THAT GETS US TO ABOUT 90% OF FISCAL '19 PAID TRAFFIC  
17 ACROSS THE SYSTEM. THAT WOULD BE ABOUT A 13% INCREASE IN TOLL  
18 REVENUES FROM RECENT TRENDS. WE DO ANTICIPATE, OBVIOUSLY, IF  
19 WE'RE AT 90%, WE'RE STILL BELOW FISCAL '19 LEVELS. I DO NOTE  
20 THAT JANUARY AND FEBRUARY WERE WEAK. PROBABLY TIED TO THE  
21 OMICRON SURGE. BUT WE ARE SEEING MARCH AND APRIL COMPARING,  
22 LOOKING MORE LIKE WHAT WE SAW IN THE FIRST HALF OF THE FISCAL  
23 YEAR, AND CERTAINLY HOPE THOSE CONTINUE TO BUILD. CONTINUED  
24 ISSUES, RIGHT? OUR CASH AND LIQUIDITY LEVELS. WE ARE WELL ABLE  
25 TO FUND OPERATIONS. WE'RE WELL ABLE TO FUND DEBT SERVICE, BUT



MAY 11, 2022

1 FUNDING REHAB, OUT OF CASH TODAY, REALLY ISN'T SOMETHING WE  
2 CAN DO IN NEARLY THE KIND OF LEVELS THAT ARE NEEDED TO KEEP  
3 THE SYSTEM WHERE IT SHOULD BE. THERE ARE A COUPLE OF OTHER  
4 ISSUES. WE HAVE GOT THIS INVOICING BACKLOG THAT WE HAVE TO  
5 ADDRESS. WE HAVE GOT REFUNDS OF PENALTIES THAT ARE COMING, AND  
6 AS WE START RELEASING DELINQUENT ACCOUNTS TO DMV TO PUT DMV  
7 HOLDS ON THEM THERE IS REASONABLE EXPENSE WE'RE GOING TO OCCUR  
8 IN FISCAL '23 FOR THAT. IT'S IMPORTANT TO NOTE THAT HAVING  
9 MOVED TO ALL ELECTRONIC TOLLING DOES COME WITH A NET COST. WE,  
10 CERTAINLY, ARE SAVING ALL OF THAT COST OF COLLECTING CASH, BUT  
11 THAT IS MORE THAN OFFSET BY THE AMOUNT OF REVENUE THAT WE'RE  
12 NOT RECEIVING BY VIRTUE OF HAVING BEEN MOVED INTO THIS ALL  
13 ELECTRONIC TOLLING REGIME. LOTS OF, YOU KNOW, JUST BAD READS  
14 ON LICENSE PLATES WHICH RESULTS IN US JUST NOT COLLECTING  
15 REVENUE THAT WE WOULD HAVE HISTORICALLY AS FOLKS WENT THROUGH  
16 THE GATES. NEXT SLIDE. THIS SHOWS OUR DRAFT BUDGET FOR NEXT  
17 YEAR. WE ARE LOOKING AT ABOUT \$660 MILLION FOR REVENUE ON THE  
18 TOLL SIDE. AGAIN, TRAFFIC BEING UP. THIS DOES NOT INCLUDE THE  
19 RM3 MONEYS. IT DOESN'T INCLUDE THE B A.B.'S SUBSIDIES AS WE'RE  
20 JUST TRYING TO FOCUS ON OPERATIONS. WE DO NOTE THAT BOTH THE  
21 FISCAL '22, AND FISCAL '23 DEBT SERVICE AMOUNTS ARE REDUCED BY  
22 PREFUNDED PRINCIPLE INTEREST, THERE WAS A \$70 MILLION  
23 PREFUNDING IN '22 AND WE'RE PROPOSING WHICH IS CANNOT WITH  
24 DEBT RECOVERY SERVICE. ONE-TIME EXPENSE ASSOCIATED WITH THE  
25 REFUND OF THE VIOLATION PENALTIES THAT'S ALL RECOGNIZED IN



MAY 11, 2022

1 FISCAL '22, AND IN FISCAL '23 SUBSTANTIAL COST WITH PAYING DMV  
2 FOR THE HOLDS ON PAST DUE INVOICES. SO WE SHOW AN OPERATING  
3 BALANCE THAT'S NET OF THOSE ONE-TIME EXPENSE. NEXT PAGE. SO  
4 WE'RE STILL, WE HAVE WORKED HARD WITH THE BATA TEAM, ANDY'S  
5 TEAM, AND OTHERS, TO REFINE THE FISCAL '23 CAPITAL BUDGET. WE  
6 ARE PROPOSING A CAPITAL BUDGET FOR FISCAL '23 OF \$157 MILLION.  
7 WE NOTE THAT'S ABOUT \$50 MILLION HIGHER THAN THE NUMBER THAT  
8 WAS INCLUDED IN THE 10-YEAR CIP THAT WAS PRESENTED TO THE  
9 COMMISSION LAST SUMMER. THAT'S PRIMARILY DRIVEN BY  
10 ACCELERATION OF A PROJECT THAT WAS ALREADY IN THAT BUDGET,  
11 WHICH IS FOR THE OAKLAND SAN FRANCISCO OAKLAND BAY BRIDGE WEST  
12 SPAN STRUCTURAL STEEL PAINTING. AND WE'RE REALLY TRYING TO DO  
13 THAT EARLIER IN ORDER TO MITIGATE THE EFFECTS OF COST  
14 INCREASES ASSOCIATED WITH THAT PROJECT, TO BE ABLE TO TAKE  
15 CARE OF SOME OTHER THINGS AT THAT SAME TIME, AND THERE ARE  
16 ALSO, FRANKLY COST INCREASES THAT ARE, AGAIN, SUPPLY CHAIN  
17 RELATED THAT ARE EMBEDDED IN THAT. WE ARE NOT BRINGING TO YOU,  
18 AT THIS POINT, AN UPDATE OF THAT 10-YEAR CIP. WE WILL BE  
19 BRINGING THAT TO YOU LATER THIS YEAR AS MORE INFORMATION COMES  
20 FROM THOSE ASSET MANAGEMENT EFFORTS THAT WERE DESCRIBED DURING  
21 THE WORKSHOP A WHILE AGO. NEXT SLIDE. ON SAFE, MODEST  
22 INCREASES IN COSTS IN A VARIETY OF AREAS. A COUPLE OF DECREASE  
23 IN A COUPLE OF OTHER AREAS. A LITTLE BIT LESS REVENUE; NOT  
24 SIGNIFICANT. SO A SLIGHT DEFICIT HERE, WHICH WOULD BE FUNDED  
25 BY THE SAFE BALANCES AT THE ENDS OF THE YEAR, WE'RE PROJECTING



MAY 11, 2022

1 ABOUT \$20.8 MILLION, STILL, JUST AS RESERVES. NEXT SLIDE.  
2 THERE ARE NO NEW PROJECTS IN THE SAFE CAPITAL PROGRAM. NEXT  
3 SLIDE. WE TALKED ABOUT HOW HAD THE 680 GOT CLOBBERED DURING  
4 THE PANDEMIC. YOU CAN SEE THAT RIGHT HERE. BUT WHAT'S GREAT IS  
5 TRAFFIC HAS RECOVERED AND REVENUE HAS ACTUALLY SET LEVELS THAT  
6 ARE CONSISTENT WITH OR BETTER THAN PREPANDEMIC LEVELS. NEXT  
7 SLIDE. AND 880 IS ROCKING. AND IT'S JUST VERY GOOD. MY  
8 UNDERSTANDING IS IT'S BETTER THAN WE MIGHT HAVE EXPECTED. SO  
9 ALL GOOD NEWS. NEXT. WE HAVE AN OPERATING REVENUE THINK ABOUT  
10 OF NEARLY \$64 MILLION A COMBINED FOR 680, 880, AND SERVICE  
11 THAT WE PROVIDE TO SAN MATEO 101. THERE IS A RAMP UP ON SAN  
12 MATEO 101 TIMING OF THAT WILL BE WHEN THEY'RE ABLE TO GET THE  
13 NORTHERN SEGMENT OF THEIR PROJECT UNDERWAY IN TERMS OF  
14 OPERATIONALIZATION. WE HAVE INCREASED OPERATING EXPENSES.  
15 AGAIN, THAT'S LARGE -- THE INCREASE IS VERY HEAVILY ASSOCIATED  
16 WITH REIMBURSED EXPENSES ASSOCIATED WITH SAN MATEO 101, BUT,  
17 ALSO, DOES RELATE TO SOME INCREASED EXPENSES THAT WE WOULD  
18 HAVE WITH INCREASED TRAFFIC. A GREAT PROBLEM TO HAVE. WE HAVE  
19 AN ESTIMATED OPERATION SURPLUS OF \$21.7 MILLION THIS'S AFTER  
20 CAPITAL RESERVE OF ABOUT \$10.1 MILLION. SO WE'RE GOING TO  
21 CONTINUE PUTTING MONEY INTO CAPITAL RESERVES TO ADDRESS A  
22 VARIETY OF NEEDS FOR EQUIPMENT REPLACEMENT, OTHER CAPITAL  
23 REQUIREMENTS ALONG THOSE CORRIDORS FOR WHICH WE'RE  
24 RESPONSIBLE. NEXT SLIDE. THIS SHOWS YOU THE BAHA OPERATING  
25 BUDGET. AGAIN, INCREASES IN A VARIETY OF AREAS. A COUPLE OF



MAY 11, 2022

1 DECREASES, AS WELL. I DO NOTE HERE, THOUGH, THAT WE ARE STILL  
2 WORKING THROUGH THE CAPITAL BUDGET REQUESTS WITH THE BAHA  
3 TEAM. THESE ARE GOING TO BE NOT INSIGNIFICANT. WE'RE REALLY  
4 WORKING WITH THEM TO ADDRESS NEEDS FOR BOTH FISCAL 2023, BUT,  
5 ALSO, REALLY STARTING TO THINK VERY DELIBERATELY ABOUT WHAT  
6 THE NEEDS ARE GOING TO BE BEYOND FISCAL '23. MAINTAINING A  
7 BUILDING LIKE THIS IS PRETTY IMPORTANT. YOU DO NOT WANT TO GET  
8 BEHIND THE CURVE. WE HAVE HAD THE SAME DISCUSSIONS WITH  
9 RESPECT TO OUR BRIDGES. WE WANT TO MAKE SURE THAT WE'RE DOING  
10 THE SAME KIND OF PRUDENT INVESTMENT OF AND MAINTENANCE OF OUR  
11 HEADQUARTERS HERE IN SAN FRANCISCO. NEXT SLIDE. ASSOCIATION  
12 HOPEFULLY THIS WAS SHORT ENOUGH AND SOMEWHAT SWEET ENOUGH. WE  
13 WILL BE BACK TO THE COMMITTEE WITH FULL BUDGETS AT ITS JUNE  
14 8TH MEETING. THAT WILL INCLUDE ALL THE SCHEDULES, ALL THE  
15 DETAIL THAT MAKE THIS SO MUCH FUN FOR MY BUDGET TEAM. AGAIN,  
16 SLEEP IS OVERRATED, AND WE'LL BE BACK TO YOU ON JUNE 22ND FOR  
17 FINAL APPROVAL. WITH THAT, I'M AVAILABLE FOR ANY QUESTIONS.  
18 AND, THANKS.

19

20 **ALFREDO PEDROZA:** DEREK, WELL DONE. AND I AGREE, SLEEP IS  
21 OVERRATED. BUT I SAY THAT BECAUSE I HAVE YOUNG KIDS IN MY  
22 HOUSE. BUT BEFORE WE KIND OF KICK IT OFF TO COMMISSIONERS FOR  
23 ANY QUESTIONS, LET ME JUST ASK KIND OF AN OPENING QUESTION. IN  
24 TERMS OF THE ECONOMY AND THE DISCUSSION ABOUT A POTENTIAL  
25 RECESSION, THERE HAS BEEN SOME BIG BANKS FORECASTING THAT,



MAY 11, 2022

1 WHAT -- HOW DOES THAT SHAPE SOME OF THE ASSUMPTION IN SOME OF  
2 YOUR ECONOMIC OUTLOOKS FOR US.

3

4 **DEREK HANSEL:** IT'S WHAT I ANTICIPATE FOR FISCAL '23, I THINK  
5 PROBABLY THE ONLY PESSIMISTIC THINKING IS THERE IS LIKELY TO  
6 BE A RECESSION BEFORE JUNE OF 2023. BUT THE RISKS OF RECESSION  
7 BEYOND JUNE OF '23 HAVE GROWN SUBSTANTIALLY. AND, SO, BEING A  
8 CFO, WORRY IS IN MY DNA AND I WORRY ABOUT WHAT WOULD HAPPEN TO  
9 SALES TAX REVENUE TRAFFIC FOR BOTH AS WE MOVE BEYOND FISCAL  
10 '23. SO WHEN I'M CONSIDERING A BUDGET, ANY BUDGET, I'M REALLY  
11 TRYING TO LOOK AT IT IN THE CONTEXT OF WHAT I THINK MAY HAPPEN  
12 OR COULD HAPPEN OVER THE NEXT SEVERAL YEARS. BECAUSE ONE OF  
13 THE WORST THINGS WE CAN DO IS SEESAW. OH WE HAVE LOTS OF MONEY  
14 TO SPEND. NO WE DON'T. AND WE HAVE LOTS OF OTHER PRESSING  
15 NEEDS PARTICULARLY ON THE BATA SIDE THAT WE'RE NOT ABLE TO  
16 FUND IN THE WAY WE USED TO BE ABLE TO FUND BECAUSE TRAFFIC  
17 HASN'T RECOVERED TO THE PREPANDEMIC LEVELS. THOSE ARE THE  
18 CONTEXT, AGAIN, SLEEPLESS NIGHTS, I DON'T HAVE TO WORK AS HARD  
19 AS MY BUDGET TEAM, BUT THESE ARE THE TYPES OF THINGS THAT  
20 CAUSE ME TO LOSE SLEEP.

21

22 **ALFREDO PEDROZA:** THANK YOU. DEREK, I THINK THE FACT THAT YOU  
23 ARE NEW, I YOU THINK HAVING A FRESH SET OF EYES ON THE  
24 FINANCIALS AND WORK WITH MTC IS VERY BENEFICIAL. AT THIS



MAY 11, 2022

1 POINT, COMMISSIONERS, I'LL SEE IF THERE ARE ANY QUESTIONS?

2 COMMISSIONER ABE-KOGA?

3

4 **DIR. MARGARET ABE-KOGA:** THANK YOU CHAIR. AND THANK YOU FOR THE  
5 PRESENTATION. IT WAS VERY COMPREHENSIVE AND CLEAR, AND I VERY  
6 MUCH APPRECIATE THAT. JUST A COUPLE OF QUESTIONS. I'M EXCITED  
7 TO SEE OUR LIABILITY, OUR PENSION AND RETIREMENT LIABILITIES  
8 IN SUCH A POSITIVE STATE. I DON'T THINK I HAVE SEEN THAT  
9 ANYWHERE ELSE. SO, MY QUESTION IS, SINCE IT LOOKS LIKE WE'RE  
10 MOVING INTO THE SURPLUS SIDE, DO WE JUST KEEP THAT IN THE FUND  
11 OR DOES THAT GET MOVED OUT EVENTUALLY IF WE CONTINUE THE  
12 POSITIVE TREND?

13

14 **DEREK HANSEL:** GOOD QUESTION, COMMISSIONER. ONCE THE FUNDS SIT  
15 IN PERS, THEY SIT IN PERS. SO THERE IS NO ACCESS TO THOSE.  
16 ONCE WE HAVE GOT MONEY IN THE SECTION 115 TRUST, THEY ALSO SIT  
17 IN THOSE FUNDS, AND ARE ONLY AVAILABLE FOR USE FOR THOSE  
18 RELATED EXPENSES. HAVING SAID THAT, WHAT IT DOES GIVE US IS  
19 SOME FLEXIBILITY AS TO HOW WE ADDRESS THOSE COST IN THE  
20 FUTURE. AND, SO, YOU KNOW, I NOTED EARLIER, SAY, FOR INSTANCE,  
21 ON THE OPEB TRUST, THE RETIREE HEALTH CARE, THAT WE'RE FUNDING  
22 RETIREE HEALTH CARE EXPENSES OUTS OF THE SECTION 115 TRUST,  
23 THEY'RE NOT COMING OUT OF OUR REVENUES DIRECTLY. THAT'S  
24 SOMETHING WE CAN DO, BECAUSE THAT'S FULLY FUNDED. THAT'S THE  
25 KIND OF LATITUDE IT GIVES US.





MAY 11, 2022

1

2 **DIR. MARGARET ABE-KOGA:** GREAT. THANK YOU VERY MUCH. THE OTHER  
3 ONE WAS WITH BAIFA. IT LOOKS -- LOOKED LIKE THERE TOO WE HAD  
4 SURPLUS AS YOU MENTIONED WOULD GO INTO RESERVES. ONE THING --  
5 AND I'M SORRY IF YOU HAVE MENTIONED THIS AND I MISSED IT, BUT  
6 IS THERE LIKE, WAS THIS OUR RESERVE POLICY? AND, MAINLY, AT  
7 WHAT POINT DO WE LOOK AT, OR CAN WE LOOK AT -- IF WE CONTINUE  
8 THE SURPLUSES, MOVING THAT INTO FUNDING OTHER PROJECTS? I KNOW  
9 YOU MENTIONED WE HAVE A CAPITAL RESERVE, BUT I BELIEVE WHEN WE  
10 TALKED ABOUT EXPRESS LANES IN OUR AREA, WHICH IS SEPARATE, WE  
11 KIND OF PROMISED THE PUBLIC THAT THE FUNDS WOULD BE -- THE  
12 GENERATED FUNDS WOULD EVENTUALLY GO TO, FOR INSTANCE, MORE  
13 TRANSIT SERVICE. AND I'M WONDERING WHAT OUR RESERVE POLICY  
14 GOAL, I GUESS, IS, AND AT WHAT POINT DO WE START TO FUND OTHER  
15 PROJECTS?

16

17 **DEREK HANSEL:** AGAIN, GREAT QUESTION COMMISSIONER. THANKS.  
18 THERE, IT'S REALLY -- FRANKLY, MUCH MORE OF A POLICY  
19 DISCUSSION, AND IT'S A PRETTY COMPREHENSIVE POLICY DISCUSSION.  
20 TO YOUR POINT, THERE ARE CERTAIN REQUIREMENTS TO KEEP FUNDS  
21 WITHIN A CORRIDOR, AND THEY CAN BE USED FOR OFF ROADWAY  
22 IMPROVEMENTS FIRST WE NEED TO DO A COMPREHENSIVE AND DEVELOP A  
23 VERY COMPREHENSIVE UNDERSTANDING OF THOSE FUTURE CAPITAL NEEDS  
24 ALONG THOSE INDIVIDUAL CORRIDORS, AND THERE IS STILL A  
25 REASONABLE AMOUNT OF WORK THAT NEEDS TO BE DONE ON THAT. THE



MAY 11, 2022

1 SECOND PIECE IS REALLY THINKING ABOUT, YOU KNOW, AND THE CASE  
2 IS THAT OUR EXPRESS LANES ARE A SYSTEM. -- IT'S NOT A SINGLE  
3 ASSET. SO IN SAN MATEO, THERE IS THE SAN MATEO 101 CORRIDOR  
4 WHICH WOULD BE ABOUT 20 MILES S A SINGLE ASSET FOR THEM.  
5 EVERYTHING THEY DO ALL THE REVENUE THAT THEY GET IS GOING TO  
6 SUPPORT THAT PROJECT, IS GOING TO SUPPORT OPERATIONS IN SAN  
7 MATEO COUNTY, IT'S GOING TO SUPPORT OTHER THINGS IN SAN MATEO  
8 COUNTY, INCLUDING, AND POSSIBLY, ULTIMATELY EXPANSION OF THEIR  
9 SYSTEM NORTH OF THREE ACTIVE, ALL IN SAN MATEO COUNTY. WE HAVE  
10 A BROADER SYSTEM WE'RE LOOKING AT POTENTIAL EXPANSION TO THE  
11 SYSTEM AND LOOKING AT WHAT WE'RE GOING TO DO WITH THAT SURPLUS  
12 OR ANY ADDITIONAL SURPLUS IN THE CONTEXT OF A SYSTEMIC  
13 DISCUSSION.

14

15 **THERESE MCMILLAN:** AND IF I COULD ADD TO THAT, COMMISSIONER,  
16 THERESE MCMILLAN, EXECUTIVE DIRECTOR, YOU KNOW THE EXPRESS  
17 LANES STRATEGIC PLAN THAT THE COMMISSION ADOPTED A FEW MONTHS  
18 AGO REALLY IS THE PLACE WHERE WE CAN TAKE, YOU KNOW, THE  
19 SPECIFIC DETAILED QUESTION YOU HAVE AND INCORPORATE IT INTO,  
20 YOU KNOW, THAT BROADER SYSTEMIC CONTEXT THAT DEREK WAS TALKING  
21 ABOUT WE'LL MAKE A NOTE ON THAT, PUT A PIN ON THAT, I THINK IS  
22 THE WORD, YOU KNOW. AND I'LL WORK WITH OUR EXPRESS LANES  
23 STRATEGIC TEAM, AND WE CAN COME BACK TO YOU WITH SPECIFICS  
24 WITHIN THAT CONTEXT.

25



MAY 11, 2022

1 **DIR. MARGARET ABE-KOGA:** GREAT. THANK YOU. THANK YOU, CHAIR.

2

3 **DAVID RABBIT, CHAIR:** THANK YOU, COMMISSIONER. COMMISSIONER  
4 PAPAN THEN COMMISSIONER SPERING.

5

6 **GINA PAPAN:** THANK YOU. VERY IMPRESSIVE IS INTERESTING AS TO  
7 WHAT'S HAPPENING THROUGHOUT OUR REGION HERE. I HAD A QUICK  
8 QUESTION, IT SEEMED -- AND HOPEFULLY I'LL GET THIS RIGHT,  
9 WE'RE BEHIND ON INVOICES. IS THAT WHAT YOU SAID?

10

11 **DEREK HANSEL:** SO WE HAVEN'T RELEASED DMV HOLDS FOR VIOLATIONS.  
12 THOSE HAVE BEEN BUILT UP. SO WHEN WE SEND THOSE TO DMV WE ALSO  
13 SEND THREE BUCKS TO THEM FOR EVERY SINGLE CITATION. SO WE  
14 ACTUALLY HAVE A BUDGETED EXPENSE IN FISCAL '23 OF \$15 MILLION  
15 TO PAY OVER TO DMV. NOW, WHEN THOSE -- IF VIOLATIONS  
16 ULTIMATELY GET PAID, WE COLLECT THAT MONEY BACK, BUT IN A  
17 MATTER OF FIRST COURSE, THAT'S AN EXPENSE TO US.

18

19 **GINA PAPAN:** OKAY. I UNDERSTANDS THE CONTEXT BETTER NOW. THANK  
20 YOU VERY MUCH.

21

22 **DAVID RABBIT, CHAIR:** COMMISSIONER SPERING.

23

24 **JAMES P. SPERING:** THANK YOU FOR THE REPORT. VERY WELL  
25 PRESENTED. YOU SAID INFLATION IS KIND OF LOW IN CALIFORNIA,



MAY 11, 2022

1 AND I QUITE DON'T WANT UNDERSTAND THAT, BECAUSE YOU LOOK AT  
2 FOOD, GAS, UTILITIES, HOUSING, SO WE'RE ONE OF THE HIGHEST IN  
3 THE NATION. I'M NOT SURE HOW THAT AFFECTS OUR BUDGET. BUT THE  
4 QUESTION I HAVE, I DON'T KNOW IF THIS IS FOR YOU OR THERESE,  
5 ARE YOU MONITORING THE ABAG BUDGET, AND GENERALLY MTC HAS  
6 HELPED THEM IN THE PAST WHEN THEY HAVE FINANCIAL SHORTFALLS,  
7 ARE WE MONITORING THAT, AND ARE PREPARING FOR ANY POTENTIAL  
8 NEED FOR ADDITIONAL FINANCIAL RESOURCES?

9

10 **THERESE MCMILLAN:** THERESE MCMILLAN, EXECUTIVE DIRECTOR.  
11 COMMISSIONER SPERING, WE ARE DOING EXACTLY THAT. THE ABAG  
12 BUDGET WAS TAKEN BEFORE THE EXECUTIVE BOARD LAST MONTH IN  
13 ORDER TO ALLOW FOR THE REQUIRED NOTICING TIME, LIKE, IN A 45  
14 DAYS, YOU KNOW, LOOKING TO JUNE. AND AT THAT TIME IT WAS  
15 SPECIFICALLY HIGHLIGHTED WITH PRESIDENT ARREGUIN AND THE BOARD  
16 THAT THERE NEEDED TO BE A MUCH, MUCH NEEDED DEEP-DIVE INTO THE  
17 STRUCTURAL DEFICIT THAT ABAG IS EXPERIENCING. AND I WOULD SAY,  
18 AS PART OF THAT, A SIGNIFICANT CONSIDERATION WILL BE, WHAT IS  
19 NEEDED TO SUSTAIN ABAG PROGRAMS THAT ARE SUPPORTED BY THE  
20 CONSOLIDATED MTC STAFF AND WHAT THAT SUPPORT LEVEL LOOKS LIKE  
21 IN TERMS OF ABAG RESOURCES, HOWEVER THEY WOULD COME UP,  
22 WHETHER IT'S A DUES INCREASE, WHICH HAS BEEN LIFTED UP AS A  
23 CONSIDERATION, HOW WE MANAGE GRANTS THAT ABAG MAY PURSUE AS  
24 PART OF A LARGER HOUSING PORTFOLIO, ET CETERA. SO, THAT'S A  
25 TOP LINE ANSWER TO YOUR QUESTION, BUT JUST TO SAY THAT IT IS,



MAY 11, 2022

1 VERY DEFINITELY, FRONT OF MIND FOR PRESIDENT ARREGUIN, AND HE  
2 INTENDS OVER THE NEXT YEAR TO DO THE TYPE OF DEEP DIVE  
3 CONSIDERATIONS WITH THE EXECUTIVE COMMITTEE ON THIS.

4

5 **JAMES P. SPERING:** THANK YOU. I THINK IT'S IMPORTANT TO HAVE  
6 THAT DISCUSSION ONGOING BECAUSE THERE COULD BE A BIG SURPRISE  
7 THAT IMPACTS MTC'S BUDGET. SO, THOSE SOLUTIONS OR PROBLEMS  
8 NEED TO BE ADDRESSED; I THINK, AS WE GO ALONG.

9

10 **DAVID RABBIT, CHAIR:** THANK YOU COMMISSIONER SPERING.  
11 COMMISSIONER CHAVEZ?

12

13 **CINDY CHAVEZ:** THANK YOU. I WANTED TO FOLLOW UP ON SOMETHING  
14 THAT I THINK COMMISSIONER SPERING JUST RAISED, AND THAT IS A  
15 LITTLE BIT ABOUT THE INFLATION. I DIDN'T REALLY UNDERSTAND THE  
16 COMMENT YOU MADE, DEREK, ABOUT OUR AREA BEING LESS HIT BY  
17 INFLATION THAN THE STATE AND THE FEDERAL, AT A STATE AND  
18 FEDERAL LEVEL.

19

20 **DEREK HANSEL:** YEAH, SO, YOU KNOW, I WANT TO BE AS CLEAR AS I  
21 CAN, INFLATION, HERE, IS RUNNING HIGH. IT'S NOT A -- I'M NOT  
22 TRYING TO SUGGEST THAT WE DON'T HAVE HIGH INFLATION IN THE BAY  
23 AREA. WHAT I'M SUGGESTING, NOT EVEN SUGGESTING, WHAT I'M  
24 SAYING IS THAT THE OBSERVED INFLATION IN THE BAY AREA IS LOWER  
25 THAN IT IS IN OTHER MAJOR METROPOLITAN AREAS IN CALIFORNIA AND



MAY 11, 2022

1   NATIONALLY. SO, WHILE INFLATION, NATIONALLY, IS RUNNING NORTH  
2   OF 8%, WHILE INFLATION IN THE LA AREA AND SAN DIEGO IS RUNNING  
3   AROUND 8% OR BETTER, WE'RE OBSERVING HERE IN THE BAY AREA,  
4   CLOSER TO FIVE. NOW --

5

6   **CINDY CHAVEZ:** COULD YOU SAY WHAT THE INDICES ARE FOR THE  
7   DIFFERENTIATION?

8

9   **DEREK HANSEL:** CPI.

10

11   **CINDY CHAVEZ:** THANK YOU. THERE ARE TWO OTHERS ACTUALLY, WHEN  
12   YOU TALKED ABOUT THE FARE, US NOT BEING ABLE TO RECOVER THE  
13   APPROPRIATE LEVEL OF FARES BECAUSE OF PERHAPS MALL FUNCTIONS  
14   WITH THE, YOU KNOW, WITH THE LICENSE PLATE READERS AND THE  
15   LIKE, WHAT I WONDERED IS, HAS THAT MADE YOU RECONSIDER WHETHER  
16   OR NOT WE NEED TO HAVE HUMAN BEINGS BACK THERE; IS THE LOSS  
17   SUCH THAT THE GAINS WE'RE MAKING BY PEOPLE NOT PAYING AREN'T  
18   OUTWEIGHED BY THE GAINS FROM TECHNOLOGY?

19

20   **DEREK HANSEL:** THAT'S A WAY BROADER QUESTION. I'M NOT GOING TO  
21   -- I'M ABSOLUTELY TRYING TO AVOID THE QUESTION. I WAS GOING TO  
22   SAY I'M NOT TRYING TO AVOID THE QUESTION, BUT I AM. IT'S A WAY  
23   BROADER QUESTION, COMMISSIONER CHAVEZ. I THINK THIS COMMISSION  
24   HAS TAKEN A VERY SUBSTANTIAL STEPS AND HAS COMMITTED A LOT OF  
25   FUNDING TOWARD ALL ELECTRONIC TOLLING, OPEN ROAD TOLLING, YOU



MAY 11, 2022

1 KNOW. SO I'M NOT TRYING TO SAY WE NEED TO MOVE BACK IN THE  
2 FUTURE, BUT TO BE CLEAR IN ACKNOWLEDGING WHERE THINGS  
3 POTENTIALLY CREATE, IN WHAT WE CALL LEAKAGE IN THE SYSTEM,  
4 IT'S NOT NECESSARILY BAD TECHNOLOGY READS IT'S JUST SOMETIMES  
5 FOLKS HAVE PLATES THAT ARE OBSCURED AND SO HOW DO WE ADDRESS  
6 THOSE ISSUES. AND THE THERE MAY BE WAYS TO ADDRESS THOSE  
7 ISSUES. I'M NOT SUGGESTING WE GO BACK TO THE FUTURE AND UNWIND  
8 THE DECISIONS THIS COMMISSION HAS MADE BUT RATHER JUST BE  
9 AWARE OF THE IDEA THAT ANYTHING WE DO HAS CONSEQUENCES.

10

11 **CINDY CHAVEZ:** THE POINTS YOU'RE RAISING, AND I GUESS THE  
12 REASON I'M LIFTING IT UP FOR MY COLLEAGUES IS BECAUSE TO ME IT  
13 SOUNDS LIKE THIS IS WORTH EXAMINATION. AND I'M NOT SUGGESTING  
14 NECESSARILY GOING BACK TO THE FUTURE, BUT WHAT I'M SUGGESTING  
15 IS THERE MAY BE A COMBINATION APPROACH THAT WE NEED JUST  
16 REEXPERIMENT. SO THAT'S VERY IMPORTANT INFORMATION. AND TO BE  
17 CANDID IT'S NOT INFORMATION THAT I HAVE BEEN AWARE OF IT'S  
18 BEEN A NUMBER OF DISCUSSIONS HOW TO IMPROVE THE SYSTEM. IT'S  
19 ANOTHER ISSUE. AND THE OTHER THING, THE \$15 MILLION  
20 EXPENDITURE TO DMV WHAT WAS THE RATE OF RETURN ON THE 15  
21 MILLION THAT YOU ANTICIPATE IN THE BUDGET?

22

23 **DEREK HANSEL:** WE EXPECT, AND I CAN'T MAKE AN EXACT CORRELATION  
24 BETWEEN THE 15 MILLION AND THAT FULL AMOUNT, BUT WE ASSUME A  
25 SIGNIFICANT RECOVERY OF TOLLS, GENERALLY, WHICH INCLUDES THOSE



MAY 11, 2022

1 TOLLS THAT COME BACK IN THAT PROCESS. WE, ALSO, INCLUDE  
2 VIOLATION PENALTY REVENUE, WHICH, RIGHT NOW, WE'RE ASSUMING ON  
3 THE ORDER OF 22 MILLION FOR FISCAL '23. SOME OF THAT IS DRUNK  
4 BY THE DMV HOLDS, BUT NOT ALL OF IT WE ALSO ASSUME A PORTION -  
5 - I NEED TO TAKE A LOOK AT THOSE DETAILS. BUT I HEAR YOUR  
6 QUESTION. WU WOULD TRY TO DO SOME ADDITIONAL ANALYSIS.

7

8 **CINDY CHAVEZ:** HERE IS WHAT I WOULD BE REQUESTING THROUGH  
9 THERESE IS THAT I WOULD BE VERY INTERESTED IN UNDERSTANDING  
10 THE AMOUNT WE SPEND AND THE AMOUNT WE RECOVER ANNUALLY. AND IT  
11 FEEDS INTO ANOTHER CONVERSATION THAT WE HAVE BEEN HAVING ABOUT  
12 HOW WE APPROACH GETTING OUR GETTING MONEY REPAID TO THE  
13 AGENCY. THAT'S REALLY CRITICAL. AND I WOULD BE INTERESTED IN  
14 GETTING AN UNDERSTANDING OF WHAT WE WOULD BE INVESTING IN OUR  
15 TOLLINGS NOW WITH THE APPROACHES WE'RE TAKING VERSUS WHAT WE  
16 DID IN THE PAST, AND I WOULD, YOU KNOW, WHAT WE DID RELATIVE  
17 TO, PRIOR TO BECOMING ALL ELECTRONIC, THE VALUE ADD OF THE NEW  
18 TECHNOLOGY VERSUS THE PROCESS WE WERE USING BEFORE. THE GOAL  
19 AND MY PERSPECTIVE ISN'T NECESSARILY TO GO BACK BUT TO BETTER  
20 UNDERSTAND HOW TO CAPTURE THE LEAKAGE THAT WE'RE TALKING  
21 ABOUT, PARTICULARLY GIVEN THE POINT THE OUR STAFF HAS MADE TO  
22 US OVER AND OVER AGAIN, ABOUT HOW WE COLLECT ENOUGH MONEY TO  
23 MAINTAIN THESE BRIDGES AND HOW WE DO THAT IN AN EQUITABLE WAY.  
24 I THINK THE ANSWER TO THAT ABOUT PROCESSES PROCEDURES  
25 INVESTMENTS AND RECOVERY RATES IS CRITICAL TO THE QUESTION





MAY 11, 2022

1 ABOUT HOW WE PROCEED DO THIS IN THE OTHER WORK THAT THE  
2 COMMISSION IS ASKING, RELATIVE TO THE PROCESSES WE USE FOR  
3 REPAYMENT. THANK YOU. AND FOR THE PRESENTATION.

4

5 **THERESE MCMILLAN:** WE'LL GET BACK TO YOU.

6

7 **ALFREDO PEDROZA, CHAIR:** THANK YOU. I DON'T SEE ANY MORE  
8 COMMISSIONERS. AT THIS TIME LET'S SEE IF THERE ARE ANY MEMBERS  
9 OF THE PUBLIC THAT WISH TO PROVIDE PUBLIC COMMENT AT THIS  
10 TIME.

11

12 **CLERK, KIMBERLY WARD:** THANK YOU. I DO SEE TWO RAISED HANDS AT  
13 THE MOMENT. FIRST ONE IS CALLER 11694. PLEASE UNMUTE YOURSELF.  
14 YOU WILL HAVE TWO MINUTES. ARE YOU THERE, CALLER? OKAY.  
15 PERHAPS WE WILL GO AHEAD IS MOVE ON TO THE NEXT SPEAKER, WHICH  
16 IS ALETA DUPRE. IF YOU WOULD LIKE TO UNMUTE YOURSELF, YOU WILL  
17 HAVE TWO MINUTES.

18

19 **SPEAKER:** THANK YOU, PRESIDENT, ALFREDO PEDROZA. ALETA DUPRE  
20 FOR THE RECORD, SHE AND HER. LOTS OF GOOD THINGS. ACTUALLY,  
21 I'M JUST GETTING STARTED HERE. I ALWAYS ENJOY DEREK'S  
22 PRESENTATIONS, VERY HEARD THEM FOR FIVE YEARS AT CALTRAIN, AND  
23 I FEEL LIKE WE'RE OFF TO A REALLY GOOD START. ESPECIALLY  
24 ENCOURAGE THAT WE ARE PROBABLY ONE OF A MINORITY OF AGENCIES  
25 THAT IS CAUGHT UP AND WELL FUNDED WITH OUR PERS AND OPEB,



MAY 11, 2022

1 WHICH MEANS THAT WE CAN FOCUS MONEY ON OTHER THINGS. AND I  
2 THINK OUR REVENUE IS GOING TO COME BACK, AND I APPRECIATE OF  
3 THE CONTEXT OF THE ECONOMY GOING ON, AS WHAT'S STANDING HERE  
4 ON THE GROUND. I AM SEEING INFLATION, AND THE STOCK MARKET IS  
5 GETTING IS WHAT COULD. SO PEOPLE ARE SEEING THEIR RETIREMENT  
6 FUNDS DROP, AND SOME PEOPLE ARE SELLING STOCKS TO PAY FOR  
7 THINGS, I'M SURE. SO IT'S VERY COMPLEX, BUT INFLATION IS REAL.  
8 WHETHER IT'S 5% OR 8%, IT'S REAL. AND IT'S IMPORTANT TO  
9 CONTINUE OUR WORK WITH OUR TOLLING. I DO BELIEVE THAT THE  
10 ELECTRONIC TOLLING IS THE RIGHT WAY TO GO. LEAKAGE EXISTED  
11 BEFORE ALL ELECTRONIC TOLLING. AND IT'S NOT NEW. I REMEMBER  
12 BACK IN THE '80S AND '90S DRIVING THE NEW JERSEY TURNPIKE NEW  
13 YORK STATE THRUWAY AND SOME OF THOSE OTHER SYSTEMS IN THE  
14 NORTHEAST, AND PEOPLE WOULD GO THROUGHOUT LANES, JUST DRIVE-  
15 THRU. THERE WAS NOTHING HUMAN BEINGS COULD DO TO STOP THEM.  
16 BUT BACK THEN HUMAN BEINGS WERE THERE AND LIKELY TO GET HURT.  
17 NOW WE DON'T HAVE TO WORRY ABOUT HUMAN BEINGS GETTING HURT. I  
18 THINK AS TECHNOLOGY CONTINUES OUR LEAKAGE IS GOING TO DROP AND  
19 WE'RE GOING TO RECOVER THE MONEY IN A SAFE AND EQUITABLE WAY.  
20 SO THIS LOOKS GOOD, AND I LOOK FORWARD TO US GETTING THE  
21 BUDGET PASSED. THANK YOU.

22

23 **CLERK, KIMBERLY WARD:** THANK YOU. I SEE NO ADDITIONAL RAISED  
24 HANDS, MR. CHAIR. WITH THE EXCEPTION OF VICE CHAIR JOSEFOWITZ.

25



MAY 11, 2022

1 **ALFREDO PEDROZA, CHAIR:** THANK YOU, KIMBERLY. LET'S BRING IT  
2 BACK TO THE COMMISSION. VICE CHAIR JOSEFOWITZ?

3

4 **NICK JOSEFOWITZ, VICE CHAIR:** THANK YOU. AND IT'S SO NICE THAT  
5 YOU ALL LEFT ME THE ENTIRE ROOM HERE. I CAN SPREAD OUT, I HAVE  
6 ALL THE SANDWICHES, IT'S GREAT. SO, AND I'M SORRY, I KIND OF -  
7 - IN ACKNOWLEDGE INTO THE ROOM, I MIGHT HAVE MISSED THIS, BUT  
8 TO KIND OF FOLLOW UP ON WHAT COMMISSIONER CHAVEZ WAS SAYING,  
9 BROADLY, ABOUT THE KIND OF FINES AND FEES ASSOCIATED WITH  
10 TOLLING, ARE WE BUDGETING FOR, KIND OF, FINES AND FEES IN OUR  
11 BUDGET? AND, WHAT LEVEL OF FINES AND FEES ARE WE BUDGETING  
12 FOR? AND I PROBABLY FEEL UNCOMFORTABLE THAT WE ARE BUDGETING  
13 FOR FINES AND FEES BUT I WOULD LIKE TO HEAR YOUR PERSPECTIVE  
14 ON IT.

15

16 **DEREK HANSEL:** WE BUDGET FOR FINES AND FEES ON THE ORDER OF A  
17 COUPLE OF MILLION DOLLARS A MONTH. WE BUDGET FOR IT, BECAUSE  
18 WE GET IT. YOU KNOW, IT'S IMPORTANT FOR US TO ACKNOWLEDGE ALL  
19 OF THE SOURCES OF REVENUE THAT WE DO ACTUALLY RECEIVE. AND  
20 VIOLATION PENALTIES ARE ONE OF THE SOURCES OF REVENUE THAT WE  
21 HAVE. AND IT'S MATERIAL. IT'S A MATERIAL AMOUNT. IT'S MATERIAL  
22 IN THINKING ABOUT WHAT THE CAPACITY OF THIS AGENCY IS IN TERMS  
23 OF ITS FINANCIAL CAPACITY. IT'S IMPORTANT, AS WE TALK TO THE  
24 FINANCIAL COMMUNITY, AND DISCUSS OUR ABILITY TO MEET OUR  
25 FINANCIAL OBLIGATIONS, AND IT'S NOT -- I'M NOT TRYING TO



MAY 11, 2022

1 SUGGEST THAT THAT OUGHT TO BE THE WAY THAT WE RELY ON MEETING  
2 OUR OBLIGATIONS TO THE FINANCIAL COMMUNITY, THAT'S A DIFFERENT  
3 THING. BUT THE REALITY IS, IT'S A REVENUE THAT WE COLLECT, AND  
4 WE SHOULD PRESENT IT:

5

6 **THERESE MCMILLAN:** AND IF I COULD, JUST, MAYBE TO CARRY THAT  
7 THING. AS DEREK SAID FROM A FINANCIAL TRANSPARENCY POINT, WE  
8 NEED TO ACKNOWLEDGE T BUT I WOULD SAY THE COMMISSION'S OWN  
9 ACTIONS SHOW THAT WE'RE NOT AGGRESSIVELY PURSUING THIS AS A  
10 REVENUE STREAM FOR THE BRIDGES BECAUSE WE CUT THE FINES AND  
11 PENALTIES BY 80%. SO, TO YOUR POINT, WE ARE NOT, AS PERHAPS  
12 SOME OTHER ENTITIES MIGHT CONSIDER, VIEWING THAT AS A  
13 PROACTIVE WAY OF GROWING OUR REVENUE. AS THE COMMISSIONERS  
14 POINTED OUT ACTUALLY IN THE OPPOSITE DIRECTION.

15

16 **NICK JOSEFOWITZ, VICE CHAIR:** I APPRECIATE THAT. MY CONCERN IS  
17 WHEN WE BUDGET FOR SOMETHING IT THEN BECOMES DIFFICULT, WE,  
18 SORT OF, RELY ON IT, AND THEN OUR -- WE RELY ON IT TO GIVE  
19 PEOPLE, YOU KNOW, TO PAY PEOPLE'S SALARIES, AND TO PAY  
20 PEOPLE'S BENEFITS, AND TO PAY OUR, KIND OF, PARTNERS, AND WE  
21 HAVE DONE, AS I AGREE, WE HAVE DONE REMARKABLE WORK LOWERING  
22 OUR FINES AND FEES FOR OUR BRIDGES. WE STILL HAVE A LOT OF  
23 WORK TO DO ON EXPRESS LANES. AND, SO, I GUESS I WOULD -- YOU  
24 KNOW, I -- AND IT CREATES DIFFERENT INCENTIVES FOR US IF  
25 THEY'RE PART OF, KIND OF LIKE THE BASE REVENUE THAT WE'RE



MAY 11, 2022

1 COUNTING ON TO RUN THIS AGENCY. AND, SO, MAYBE THAT'S JUSTICE  
2 SOMETHING THAT YOU COULD SEE HOW OTHER, SORT OF, IF THERE IS  
3 BEST PRACTICE AROUND THIS, NOT KIND OF WHAT ALL THE OTHER,  
4 SORT OF, RETRO GRADE AGENCIES DO, AND HAVE BEEN DOING FOR THE  
5 LAST 50 YEARS, BUT IF THERE ARE AGENCIES THAT KIND OF THINK  
6 MORE PROGRESSIVELY ABOUT HOW TO KIND OF BUDGET FOR FINES AND  
7 FEES AND, SORT OF, BRING US BACK SOME ALTERNATIVES. AND THEN I  
8 THINK, IN PARTICULAR, GIVEN THAT YOU HAVE BROUGHT UP THIS, I  
9 HAVE A BIGGER PROBLEM RELYING ON -- THE BUDGET IS ONE THING,  
10 BUT I HAVE A PROBLEM RELYING ON FINES AND FEES TO MEET OUR  
11 FINANCIAL COVENANTS IN A FORWARD LOOKING WAY BECAUSE THAT'S A,  
12 SORT OF, FIRM FINANCIAL COMMITMENT, AND AS WE HAVE SEEN WITH  
13 THE TING BILL, PARTICULARLY IN SOUTHERN CALIFORNIA, THAT THERE  
14 IS, YOU KNOW, A LOT OF THOSE TOLL AGENCY IN SOUTHERN  
15 CALIFORNIA ARE BASICALLY SAYING, YOU KNOW, WE HAVE TO CHARGE  
16 HUNDREDS OF DOLLARS IN FINES AND FEES BECAUSE WE HAVE TOLD OUR  
17 BOND HOLDERS THAT WE'RE GOING TO GENERATE A TON OF REVENUE OFF  
18 THE BACK OF THESE FINES AND FEES, AND NOW WE CAN'T CHANGE  
19 THEM. AND I THINK THAT WOULD NOT BE A -- I WOULD FEEL  
20 UNCOMFORTABLE WITH US LOCKING OURSELVES IN FOR WHAT IS  
21 SOMETIMES DECADES AND DECADES ON KIND OF FINES AND FEES POLICY  
22 BY PLEDGING THEM, AND INCLUDING THEM IN THE KIND OF CORE  
23 COVENANTS FOR THE BOND HOLDERS.  
24



MAY 11, 2022

1 **ALFREDO PEDROZA, CHAIR:** THANK YOU VICE CHAIR JOSEFOWITZ. I'LL  
2 SAY, I WAS IN THE MEETING WITH THE BOND HOLDERS WHEN WE WERE  
3 MEETING WITH THE FINANCIAL TEAMS AND WE WERE VERY TRANSPARENT  
4 IN TERMS OF THE COMMISSION'S DESIRE TO CONTINUE TO REDUCE THE  
5 FEES AND VIOLATIONS. SO, I THINK WE HAVE BEEN PRETTY  
6 TRANSPARENT IN THAT, BUT I HEAR YOUR POINT. AND IN TERMS OF,  
7 YOU KNOW, BUDGETING FOR FINES AND FEES, I THINK IT WOULD BE  
8 APPROPRIATE TO LOOK AT THE COST FOR PROCESSING FINES AND  
9 VIOLATIONS I THINK WE HAVE TO LOOK AT THE COST TO THE  
10 ORGANIZATION. THERE IS TWO SIDES TO THAT EQUATION SO AS WE  
11 CONTINUE TO EMBARK ON THIS COMMITMENT OF EQUITY DOING WHAT'S  
12 RIGHT ON FINES AND FEES I THINK WE NEED TO ADDRESS THE TRUE  
13 COST TO THE ORGANIZATION. BECAUSE WE TEND TO LOOK AT COST  
14 RECOVERY. THANK YOU FOR SHARING THAT INFORMATION AND FOR YOUR  
15 INPUT TODAY. I KNOW DEREK IT'S NOT JUST YOU, IT'S A DEDICATED  
16 TEAM THAT HAS BEEN WORKING HARD ON THIS. AND MORE OF A GLOBAL  
17 LOOK WITH A NEW SET OF EYES, I LOOK AT WHAT WE HAVE EM BARKED  
18 ON IN TERMS OF REDUCING VIOLATIONS 80% TO WHETHER A PANDEMIC  
19 AT THIS SCALE, AND WHILE WE WERE IMPACTED, THIS ORGANIZATION  
20 WAS ABLE TO STAND FIRM AND CONTINUE TO INVEST IN THE REGION,  
21 WHAT'S YOUR GENERAL TAKE AWAY OF HOW WE WERE STRESS TESTED AND  
22 HOW WE WERE STILL ABLE TO CONTINUE FORWARD. MAYBE IN YOUR  
23 COMMEND YOU CAN ENCAPSULATE THAT.  
24



MAY 11, 2022

1 **DEREK HANSEL:** THANK YOU, CHAIR. THIS AGENCY HAS DONE A  
2 REMARKABLE JOB, FRANKLY. WITHOUT THE KIND OF SUPPORT THAT OUR  
3 REGIONAL TRANSIT AGENCIES CERTAINLY REQUIRED THROUGH THE  
4 PANDEMIC, AS THE COMMISSION KNOWS, I CAME FROM A COUPLE OF  
5 DIFFERENT TRANSIT AGENCIES MOST RECENTLY. MY GUESS IS THAT  
6 THERESE AND HER TEAM LOST A LOT OF SLEEP AROUND, BEGINNING  
7 AROUND MID-MARCH OF 2020. I CAN'T POSSIBLY TELL YOU HOW MUCH  
8 SLEEP I LOST AT CALTRAIN, AND RELATED TO CALTRAIN. YOU KNOW?  
9 WE SAW, YOU WE HAD AN AGENCY THAT WAS DEPENDENT ON FARE BOX  
10 OPERATION FOR 70% OF OUR REVENUE, AND WE LOST 93% OF OUR  
11 RIDERS. SO, YOU KNOW, IMAGINE AN AGENCY THAT LOOKED LIKE I  
12 680, RIGHT? WE TALKED ABOUT HOW I-680 GOT CLOBBERED. WE HAD A  
13 TRAIN OPERATION THAT GOT CLOBBERED. WE SAW THE SAME THING WITH  
14 BART, NOT QUITE TO THE SAME DEGREE, SIMILAR WITH MUNI AND  
15 OTHERS. THIS AGENCY WEATHERED THAT CRISIS. THE QUESTION I  
16 THINK, NOW, IS LESS ARE WE ABLE TO WEATHER THAT CRISIS, WHICH  
17 WE HAVE, BUT HOW DO WE NOW TRANSITION INTO OUR PLACE WHERE WE  
18 HAVE GOT A LOT OF OBLIGATIONS WITH OUR SYSTEM, THAT WE HAVE A  
19 CHALLENGE IN FUNDING. WE CAN FUND OPERATIONS. WE CAN FUND DEBT  
20 SERVICE. HOW DO WE DEAL WITH THE ONGOING CAPITAL REQUIREMENTS  
21 ASSOCIATED WITH THE BRIDGE OPERATIONS? WHICH ARE SUBSTANTIAL  
22 AND GROWING. THAT'S -- THAT'S GOING TO BE A CHALLENGE. RIGHT?  
23 THAT'S THE ONE THAT I THINK EXISTS MOST EXISTENTIALLY FOR THE  
24 BRIDGE OPERATIONS. AND THEN FOR THE OTHER AGENCIES, IT'S  
25 REALLY ABOUT WHAT DO WE WANT TO BE. YOU KNOW? WHAT IS BAIFA



MAY 11, 2022

1 GOING TO BE? WHAT IS -- YOU KNOW, HOW DO WE ADDRESS THE  
2 CAPITAL REQUIREMENTS OF BAHA, CERTAINLY, ON A MUCH LOWERING  
3 SCALE, BUT WE HAVE GOT TO DEAL WITH THAT, WE HAVE TO CONTINUE  
4 TO ADDRESS THOSE KINDS OF CHALLENGES. I THINK FOR EVERYBODY  
5 BUT BATA, IT'S ABOUT, YOU KNOW, WHAT DO WE WANT TO BE. AND  
6 THEN BASED ON WHAT WE WANT TO BE, HOW DO WE PAY FOR IT:

7

8 **ALFREDO PEDROZA, CHAIR:** ALL RIGHT DEREK. THANK YOU FOR THAT. I  
9 APPRECIATE THOSE CLOSING COMMENTS. THIS WAS AN INFORMATIONAL  
10 ITEM ONLY. WE'LL PROCEED TO ITEM FIVE PUBLIC COMMENT. I WOULD  
11 ASK THE CLERK TO READ THE NAMES OF OHS OF ANY GENERAL PUBLIC  
12 COMMENT RECEIVED AT INFO BAYAREAMETRO.GOV BY 5:00 P.M. RAISE  
13 YOUR HAND.

14

15 **CLERK, KIMBERLY WARD:** I SEE ONE SPEAKER, ALETA DUPRE, PLEASE  
16 UNMUTE YOURSELF. YOU HAVE TWO MINUTES.

17

18 **SPEAKER:** THANK YOU CHAIR PEDROZA ALETA DUPRE FOR THE RECORD  
19 SHE AND HER. NOT SO TONGUE TIED THIS TIME. AS WE TALK ABOUT  
20 MTC STUFF, SUMMER TIME IS ALMOST HERE, AND I HAVE BEEN  
21 SPENDING SOME MORE TIME IN THE BAY AREA, WHICH MEANS THAT I'M  
22 HAVING MORE INTERACTION WITH MTC. MOSTLY THROUGH USING MY  
23 CLIPPER CARD, AND I HOPE TO COME TO AN IN-PERSON MEETING SO I  
24 CAN SEE YOU ALL AGAIN IN PERSON, AND YOU'RE NOT ALL GOING TO  
25 BE ALONE IN THE ROOM. SO, I'M -- THAT'S SOMETHING -- AN





MAY 11, 2022

1 EXCITING POSSIBILITY FOR ME. BECAUSE YOU JUST CAN'T GET ALL  
2 YOUR STAFF QUESTIONS ANSWERED ON ZOOM. BUT I THINK ABOUT THE  
3 LARGER WORK OF MTC, AND HOW IT AFFECTS US, THE PEOPLE. AND I  
4 HAVE BEEN SPEAKING BEFORE YOU ALL AT MTC FOR ALMOST FIVE  
5 YEARS. BUT WHEN I USE MY CLIPPER CARD, I KNOW THAT THERE IS A  
6 LOT OF VERY HARD WORK, DEEP WORK THAT GOES BEHIND THAT, SO  
7 THAT ALL I HAVE TO DO IS TAP IT. AND IT GETS RELOADED WHENEVER  
8 IT DROPS BELOW \$10. AND IN A WAY, I REALLY DON'T HAVE TO THINK  
9 ABOUT IT. I MANAGE IT. I USE THE CLIPPER APP TO CHECK MY  
10 BALANCES, AND IT MAKES A DIFFERENCE. AND WHEN I SET FOOT ON  
11 BAY AREA SOIL AND I GET OFF A PLANE AT THE OAKLAND AIRPORT,  
12 AND I SIT ON BART OR AN AC TRANSIT BUS, I'M INTERFACING WITH  
13 MTC ONCE AGAIN. SO MTC IS OFFERING THIS TURN KEY SOLUTION  
14 BECAUSE WITH ALL THE WORK THAT YOU'RE DOING 24 HOURS A DAY, I  
15 CAN SLEEP AT NIGHT KNOWING THAT MY FARE IS PAID, AND I CAN  
16 CROSS THE BRIDGE. THANK YOU. THE.

17

18 **CLERK, KIMBERLY WARD:** THANK YOU. I SEE NO ADDITIONAL HANDS  
19 RAISED, MR. CHAIR.

20

21 **ALFREDO PEDROZA, CHAIR:** ALL RIGHT. KIMBERLY, THANK YOU FOR  
22 THAT. I SEE NO FURTHER PUBLIC COMMENT. WE'RE GOING TO ADJOURN  
23 TO THE NEXT MEETING FOR THE BUDGET SESSION WHICH WILL BE HELD  
24 AT A DATE AND TIME DULY NOTED. THANK YOU, COMMISSIONERS.

25 [ADJOURNED]



*Broadcasting Government*