

Bay Area Infrastructure Financing Authority (BAIFA)

May 24, 2023

Agenda Item 5a - 23-0861

Draft Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year (FY) 2023-24 Operating and Capital Budgets

Subject:

An informational presentation to the Authority of the Draft BAIFA FY 2023-24 Operating and Capital Budgets.

The FY 2023-24 BAIFA Operating Budget is balanced as presented. It includes total operating revenue of \$78.7 million and total operating expenses of \$36.8 million before transfers. Total transfers amount to \$41.3 million. The projected operating surplus of \$628 thousand will be transferred to reserves for future operations, maintenance, and repairs. The proposed FY 2023-24 BAIFA Capital Budget increases the BAIFA Express Lanes Capital Development Program Budget by \$31.9 million and the BAIFA Express Lanes Rehabilitation Program Budget by \$22.6 million.

Background:

BAIFA continues to operate express lanes on two corridors: the I-680 express lanes (EL) and the I-880 express lanes (EL). The first corridor is I-680 in Contra Costa County and includes 37 lane miles of express lanes from Martinez to San Ramon. The second corridor is I-880 in Alameda County, which has 46 lane miles of express lanes between Oakland and Milpitas. BAIFA also provides the toll system to 58 lane miles of the San Mateo 101 express lanes; expenses are reimbursed by the San Mateo project.

While I-680 EL has increasing demand that is trending toward pre-COVID levels, demand is less than its former peak. The I-880 EL corridor continues to experience strong traffic, that is outperforming FY 2020-21 levels but is approximately 8.4% below comparable FY 2022-23 levels. Below shows total average monthly paid traffic in thousands.

EL	Fiscal Year	Full Year	First 9 mos.
I-880	FY 2020-21	-	596
	FY 2021-22	727	722
	FY 2022-23	-	661
I-680	FY 2017-18	-	423
	FY 2018-19	377	
	FY 2019-20	274	
	FY 2020-21	230	
	FY 2021-22	367	359
	FY 2022-23	-	381

Operating Budget:

Total FY 2023-24 revenue for all express lanes operation is \$78.7 million with total operating expenses before transfer of \$36.8 million.

The I-680 EL steadily brings in more revenues than prior post-pandemic fiscal years as volume steadily rises while the I-880 EL continues to generate strong traffic and solid revenue collection. Total EL revenue is estimated to increase by 5.5% or approximately \$9.7 million in FY 2023-24. Violation revenue estimates are based on the revised lower violation penalty structure of \$10 for the first notice plus \$20 for the second notice. The BAIFA express lanes will resume sending unpaid second notices to the DMV and collection agency which accounts for the 6% increase in violation revenue. Interest earnings are projected to increase to \$3.5 million due to higher interest rates.

FasTrak[®] operating and maintenance (O&M) expenses are projected to increase due to escalation in contractual services, costs associated with more trip transactions including toll collection fees, banking and credit card fees, and the fees for DMV holds and for the collection agency. The express lane (O&M) expenses, on the contrary, are projected to decrease as they transition to a lower transaction unit cost for Manual Image Review. A higher share of the O&M expenses are also being allocated to the San Mateo 101 EL based on its number of read points. Other increases in administration costs are for training of fully staffed BAIFA team and additional procurement of services.

The projected operating surplus before transfer on I-680 is \$4.2 million and the projected operating surplus on I-880 is \$37.7 million for a total operating surplus before transfer of \$41.9 million. The budget includes transfers from both corridors to capital development and rehabilitation programs totaling \$26.3 million and to the capital reserve of \$15 million which results in a total operating surplus of \$628 thousand.

BAIFA has a cooperative agreement with the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA) for BAIFA to manage the tolling system on SM 101 EL and SMCELJPA to reimburse the associated operating expenses to BAIFA. There will be \$8.3 million of reimbursement revenue budget with equivalent operating expenses associated in managing the express lanes. This budget is a 54% increase over the previous year budget due to full operation of the SM 101 EL in FY 2023-24.

The budget is summarized below (in thousands).

	<u>FY 2022-23</u> Amendment No. 1	<u>FY 2023-24</u> Budget
Toll Revenue		
I-680	\$11,000	\$12,453
I-880	45,000	46,653
Violation\Other		
I-680	2,075	2,100
I-880	5,075	5,470
Interest	423	3,715
SM 101	<u>5,417</u>	<u>8,327</u>
Total Revenue	\$68,989	\$78,717
Operating Expenses		
FasTrak	\$8,857	\$11,343
EL Operations	13,444	13,349
Administration	3,614	3,804
SM 101	<u>5,417</u>	<u>8,327</u>
Total Expenses	\$31,332	\$36,823
Surplus (Shortfall)	\$37,657	\$41,895
Transfers	26,635	41,267
Operating Surplus	\$11,022	\$628

Capital Programs:

Express Lanes Development Program

BAIFA has 14 projects in the capital program with a life-to-date budget of approximately \$479 million. The FY 2023-24 budget increases the program by \$31.9 million, of which \$28.5 million is needed for the Solano-80 express lane toll system conversion funded by Regional Measure 3 (RM3). Approximately \$649 thousand of staff cost budget will be added to the Means-Based Toll Discount project and \$2.8 million will fund the program advisor contract which provides technical expertise to support the implementation of the EL development program. These capital expenses are funded from the estimated EL operating surplus. A complete list of the BAIFA capital program is attached. (Attachment B).

Rehabilitation Program

The long-term maintenance and repair of the toll system for existing and upcoming express lanes are provided by BAIFA through its rehabilitation program. The total proposed change to the FY 2023-24 BAIFA Rehab Program is a \$22.6 million increase with \$9.1 million needed for both I-680 and I-880 toll system rehab and \$13.5 million required for BAIFA's share to Caltrans' State Highway Operation and Protection Program (SHOPP) pavement projects. The additional budget is funded from the estimated operating surplus. The total life-to-date budget is \$35.4 million. A complete list is attached to the budget schedule (Attachment C).

Capital and Operating Reserves:

Statute requires that "net revenue" be restricted to uses in the respective express lane corridors. However, before net revenue is determined, there is provision for eligible expenses such as debt service, reserves for future operations and maintenance, rehabilitation improvements, and further development of the network.

At a later meeting, staff will present to the Authority a reserve policy proposal and plans to establish reserve accounts for express lane operations and maintenance and the capital reserve.

Recommendations:

This is an information item.

Attachments:

- Draft BAIFA FY 2023-24 Operating and Capital Budgets-Attachments A, B, C
- Draft BAIFA FY 2023-24 Budget PowerPoint Presentation



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