



**BAY AREA TOLL AUTHORITY**  
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## ***Memorandum***

TO: Bay Area Toll Authority

DATE: May 3, 2017

FR: Executive Director

W. I. 1251/1256

RE: Draft FY 2017-18 Toll Bridge Program Operating and Capital Budget

Below is an overview of the draft FY 2017-18 BATA Toll Bridge Operating and Capital Budgets. The FY 2017-18 budgets will be presented to the BATA Oversight Committee for referral to the full Authority for approval in June.

### **FY 2016-17 Operating Update**

Total paid toll traffic for the first nine months year to date of FY 2016-17 is up slightly over the same period in FY 2015-16. The increase is across all seven bridges but the growth rate has slowed considerably from the previous year (Table 1).

**Table 1**

#### **Toll Traffic – Comparison of 9 Months of FY 2015-16 and FY 2016-17**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Percent Change</b>
Full Fare Toll Paying Vehicles	95,086,860	95,729,642	0.7%
Reduced Fare Carpool Vehicles	5,519,886	5,862,096	6.2%
Total Vehicles	100,606,746	101,591,738	1.0%

**Table 2**

#### **Toll Revenues – Comparison of 9 Months of FY 2015-16 and FY 2016-17**

	<b>FY 2015-16</b>	<b>FY 2016-17</b>	<b>Percent Change</b>
Full Fare Toll Paying Vehicles	\$519,376,020	\$522,932,365	0.7%
Reduced Fare Carpool Vehicles	\$13,799,715	\$14,655,240	6.2%
Total Revenue	\$533,175,735	\$537,587,605	0.8%

As a result of the slight traffic increase, toll revenue through the third quarter of FY 2016-17 is approximately \$4 million or 0.8% above FY 2015-16 (Table 2).

**FY 2017-18 Draft Operating Budget**

The FY 2017-18 draft budget continues to reflect the strong regional economy. Both operating revenue and expense are expected to increase in FY 2017-18. Besides toll revenue, interest earnings and reimbursement revenue are also seeing increases in the coming year. The surge in operating expense is mainly the result of new bond issuances in FY 2017-18. Overall BATA is expected to make another strong contribution of over \$107 million to its current capital program, with \$60 million designated to the Toll Bridge Rehabilitation Program. The draft FY 2017-18 operating budget is shown in Attachment A.

**General Toll Revenue - \$727 million**

Staff is estimating total toll revenue of \$727 million for FY 2017-18, about 2.5% higher than the FY 2016-17 budget. Even excluding the HOV-based increase in 2010, this will be the eighth consecutive year that two-axle vehicle revenue has increased.

**Other Revenues - \$103 million**

Reimbursement revenue - Staff is anticipating a 13% increase in reimbursement revenue, about \$1.1 million. All agencies clearing transactions through the FasTrak® Regional Customer Service Center reimburse BATA for their FasTrak® collection costs. With the increasing user volume on I-580 express lanes, ACTC reimbursement is expected to increase significantly in FY 2017-18.

Rebate for Build America Bonds (BABs) - We continue to expect the Treasury Department to make its required BABs payment. The total interest subsidy payment from the federal government will be \$71 million but still reflects a reduction due to budget sequestration.

**Operating Expense**

Total cost for Toll Bridge operations is proposed to be \$723 million for FY 2017-18, up 6% from FY 2016-17. Highlights of the FY 2017-18 budget include:

**Toll bridge operations and maintenance expense - \$79.2 million**

Caltrans Toll Collection & Operations Services - \$23.6 million

- Caltrans toll collections and operations costs are projected to increase by 4% from last year. The increase reflects salary increases for Caltrans' employees.

Electronic Toll Collection - \$47.6 million

- Staff is proposing a total budget of \$24.7 million for the operation of the FasTrak® Regional Customer Service Center (RCSC), a 6% increase from FY 2016-17. The operations on I-580 express lane and first full year of BAIFA's new I-680 express lanes are the leading factors for this increase.
- Staff is proposing a total budget of \$13.9 million for banking/credit card fees, the same as FY 2016-17. This assumes no change in interbank charges.

- Staff is proposing a total budget of \$3.7 million for collection contract/DMV expenses, a 54% increase from FY 2016-17. The surge is caused by increased user volume on all seven toll bridges, and the express lanes operation.

### **Toll Bridge Administration - \$31.2 million**

Overall bridge administration costs will increase by \$11 million or approximately 55%. The increase is due to financing and issuance costs for the new money bond in FY 2017-18.

### **Transfers to MTC - \$19.4 million**

This portion of the operating budget maintains BATA's support for existing programs, transfers, and reserves throughout the agency. BATA transfers \$7.5 million, 1% of gross revenue, to MTC for general administrative support. The administrative support transfer will increase 3% consistent with the expected traffic growth. The Transbay Terminal receives maintenance support of \$4.9 million which includes the 3.5% annual increase required by statute. The balance in Regional Measure 2 (RM2) marketing expense includes \$2.8 million for Clipper® promotion and outreach, and \$950,000 for other RM2 transit projects.

### **Debt Service - \$541 million**

Debt service will increase by \$24 million or approximately 5%. Higher variable interest rates and new interest payment for the FY 2016-17 issuance increase interest payment by \$23.2 million. The budget also includes \$56 million for principal payments.

### **FY 2017-18 Capital Budget**

#### **Express Lanes**

The draft FY 2017-18 BATA express lanes capital budget remains at \$342 million. Through agreement with MTC, the Bay Area Infrastructure Financing Authority (BAIFA) is responsible for the development, construction and operation of the planned 270 mile express lane program. BAIFA has approved a detailed expenditure plan for the implementation of projects that convert high occupancy vehicle lanes to express lanes on I-680 in Contra Costa County and I-880 in Alameda County, start-up funding for operations of those lanes, and project development for new lanes for I-80 in Solano County.

The entire \$342 million in the express lanes Capital Budget is already incorporated into the BATA financial model. This includes a transfer of \$2.8 million to the BAIFA operating budget to assist in funding its first year of express lanes operation in FY 2017-18.

#### **Toll Bridge Seismic Retrofit Program**

The Toll Bridge Seismic Retrofit Program will continue to draw on program contingency to complete the San Francisco-Oakland Bay Bridge East Span Replacement project. With acceleration of the pier demolition, work is expected to be completed by the end of this year. Staff will return with a budget update after the Toll Bridge Program Oversight Committee meeting on May 9, 2017.

### **Toll Bridge Rehabilitation Program**

The BATA Toll Bridge Rehabilitation Program is financially constrained to \$60 million per year. The program focuses on bridge related projects with a goal of maintaining the safe and efficient operation of the bridges and its facilities. BATA and Caltrans staff are currently in discussions over the program detail and will present a final program of projects to the Committee for allocation in June.

### **Reserve Designations**

The Authority's approval of the FY 2013-14 Plan of Finance (BATA Resolution No. 110) approved November 20, 2013, designated BATA's reserve status to help BATA maintain operations through various emergency scenarios without the need for toll increases. The reserve designations are as follows:

	<u>Funding (\$million)</u>
Project/self insurance reserve (SIR)	\$ 580
Two years rehabilitation funding	120
Two years operations & maintenance	150
Emergency reserve (Co-op)	50
Variable rate risk reserve	<u>100</u>
Total	\$1,000

BATA continues to maintain full funding of all designated reserves.

### **Recommendation**

This draft budget is presented for the Committee's information. Staff will present the final budget to the BATA Oversight Committee for referral to the Authority for approval in June.

  
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Steve Heminger

SH:bm  
Attachment



# ATTACHMENT A BAY AREA TOLL AUTHORITY OPERATING BUDGET FY 2017-18

BATA Resolution No. 122  
Date: May 3, 2017  
W.I.: 1251 - 1256  
Referred by: BATA Oversight Committee

## OPERATING REVENUE-EXPENSE SUMMARY

	APPROVED BUDGET FY 2016-17	DRAFT BUDGET FY 2017-18	Change % Inc./Dec)	Change \$ Inc./Dec)	
General Toll Revenue	\$709,352,538	\$727,425,100	2.5%	\$18,072,562	L1
Violation Revenue	10,000,000	10,000,000	0.0%	\$0	L2
Interest Revenue	10,400,000	12,000,000	15.4%	1,600,000	L3
Reimbursement Revenue	8,481,000	9,551,000	12.6%	1,070,000	L4
Rebate for Build America Bonds	71,355,353	71,278,791	-0.1%	(76,562)	L5
<b>Total Operating Revenue</b>	<b>\$809,588,891</b>	<b>\$830,254,891</b>	2.6%	\$20,666,000	
<b>Total Operating Expense</b>	<b>\$684,019,205</b>	<b>\$723,621,268</b>	5.8%	\$39,602,063	
<b>Operating Surplus</b>	<b>\$125,569,686</b>	<b>\$106,633,623</b>	-15.1%	(\$18,936,063)	
<b>Transfer to Reserves</b>	<b>\$125,569,686</b>	<b>\$106,633,623</b>			
<b>Total Operating Surplus (Shortfall)</b>	<b>\$0</b>	<b>\$0</b>		\$0	

## REVENUE DETAIL

### BUDGET FY 2017-18

	APPROVED BUDGET FY 2016-17	DRAFT BUDGET FY 2017-18	Change % Inc./Dec)	Change \$ Inc./Dec)
<b>General Toll Revenue (subtotal)</b>	<b>\$709,352,538</b>	<b>\$727,425,100</b>	<b>2.5%</b>	<b>\$18,072,562</b>
RM 1 & Seismic Toll Revenues	\$583,001,487	\$597,732,225	2.5%	\$14,730,738
RM 2 Toll Revenues	126,351,051	129,692,875	2.6%	3,341,824
<b>Violation Revenue (subtotal)</b>	<b>\$10,000,000</b>	<b>\$10,000,000</b>	<b>0.0%</b>	<b>\$0</b>
Other Revenue (Violations)	\$10,000,000	\$10,000,000	0.0%	\$0
<b>Interest Revenue (subtotal)</b>	<b>\$10,400,000</b>	<b>\$12,000,000</b>	<b>15.4%</b>	<b>\$1,600,000</b>
RM1 Interest Earnings	\$8,320,000	\$9,600,000	15.4%	\$1,280,000
RM2 Interest Earnings	2,080,000	2,400,000	15.4%	320,000
<b>Reimbursement Revenue (subtotal)</b>	<b>\$8,481,000</b>	<b>\$9,551,000</b>	<b>12.6%</b>	<b>\$1,070,000</b>
GGBHTD Fastrak Reimbursement	\$6,733,000	\$6,733,000	0.0%	\$0
ACTC Reimbursement	1,150,000	2,220,000	93.0%	1,070,000
VTA 237 Express Lane Reimbursement	135,000	135,000	0.0%	0
SFO Airport Reimbursement	463,000	463,000	0.0%	0
<b>Rebate for Build America Bonds (subtotal)</b>	<b>\$71,355,353</b>	<b>\$71,278,791</b>	<b>-0.1%</b>	<b>(\$76,562)</b>
Rebate for Build America Bonds	\$71,355,353	\$71,278,791	-0.1%	(\$76,562)
<b>Total Current Year Revenue</b>	<b>\$809,588,891</b>	<b>\$830,254,891</b>	<b>2.6%</b>	<b>\$20,666,000</b>

# EXPENSE DETAIL

BUDGET FY 2017-18

	APPROVED BUDGET FY 2016-17	DRAFT BUDGET FY 2017-18	Change % Inc./ (Dec)	Change \$ Inc./ (Dec)	
<b>Operating Expense</b>					
<b>Caltrans Operations and Maintenance (Subtotal)</b>	<b>\$31,421,000</b>	<b>\$31,600,000</b>	<b>0.6%</b>	<b>\$179,000</b>	
Toll Collection & Operations Services	\$22,700,000	\$23,600,000	4.0%	\$900,000	L6
Toll Bridge & Facility Maintenance (Category A&B)	8,400,000	8,000,000	-4.8%	(400,000)	L7
Caltrans Coordination	321,000	0	-100.0%	(321,000)	L8
<b>Fastrak Operations and Maintenance (Subtotal)</b>	<b>\$44,685,306</b>	<b>\$47,644,500</b>	<b>6.6%</b>	<b>\$2,959,194</b>	
RCSC Operations	\$23,400,000	\$24,700,000	5.6%	\$1,300,000	L9
Banking/Credit Card Fees	13,900,000	13,900,000	0.0%	0	L10
ATCAS Facility and In-lane Maintenance	3,417,306	3,700,000	8.3%	282,694	L11
ATCAS Hardware/Software Maintenance	1,568,000	1,644,500	4.9%	76,500	L12
Collections Contract/DMV Expenses	2,400,000	3,700,000	54.2%	1,300,000	L13
<b>Toll Bridge Operations and Maintenance Total</b>	<b>\$76,106,306</b>	<b>\$79,244,500</b>	<b>4.1%</b>	<b>\$3,138,194</b>	
<b>Toll Bridge Administration (Subtotal)</b>	<b>\$20,197,671</b>	<b>\$31,221,970</b>	<b>54.6%</b>	<b>\$11,024,299</b>	
Salaries and Benefits	\$9,615,949	\$10,145,279	5.5%	\$529,330	L14
Temporary Assistance	45,649	77,078	68.8%	31,429	L15
Travel&Training/Printing/Memberships	412,459	406,913	-1.3%	(5,546)	L16
Other	95,000	105,000	10.5%	10,000	L17
Financing Costs	3,631,600	14,512,500	299.6%	10,880,900	L18
Audit/Accounting/Other	3,427,014	2,725,200	-20.5%	(701,814)	L19
Beale St Assessment	1,750,000	2,000,000	14.3%	250,000	L20
Business Insurance	600,000	600,000	0.0%	0	L21
Misc. Toll Administration Operating Expenses	500,000	550,000	10.0%	50,000	L22
CTC TBPOC Oversight Committee Reimbursement	120,000	100,000	-16.7%	(20,000)	L23
<b>Consultant Contract/Other (Subtotal)</b>	<b>\$2,365,000</b>	<b>\$2,065,000</b>	<b>-12.7%</b>	<b>(\$300,000)</b>	
ETC Marketing	\$850,000	\$900,000	5.9%	\$50,000	L24
Toll Plaza Traffic Operations Analysis	150,000	150,000	0.0%	0	L25
RM2 Project Monitoring - Capital & Ops. Program	365,000	265,000	-27.4%	(100,000)	L26
BATA Contract Contingency	500,000	250,000	-50.0%	(250,000)	L27
RM2 Contract Contingency	500,000	500,000	0.0%	0	L28
<b>Transfers to MTC (Subtotal)</b>	<b>\$18,740,159</b>	<b>\$19,387,635</b>	<b>3.5%</b>	<b>\$647,476</b>	
1% Administration	\$7,297,525	\$7,494,251	2.7%	\$196,726	L29
Transfer to MTC	273,550	597,300	118.4%	323,750	L30
RM2 Marketing	3,750,000	3,750,000	0.0%	0	L31
Transfer to Legal Reserve	2,387,216	2,450,000	2.6%	62,784	L32
Disaster Preparedness	40,000	40,000	0.0%	0	L33
Transbay Transit Terminal Maintenance	4,691,868	4,856,084	3.5%	164,216	L34
Transfer to SAFE	300,000	200,000	-33.3%	(100,000)	L35
<b>Debt Service</b>	<b>\$516,410,069</b>	<b>\$540,542,163</b>	<b>4.7%</b>	<b>\$24,132,094</b>	L36
<b>RM2 Transit Operating</b>	<b>\$45,000,000</b>	<b>\$45,000,000</b>	<b>0.0%</b>	<b>\$0</b>	L37
<b>Furniture/Equipment</b>	<b>\$50,000</b>	<b>\$50,000</b>	<b>0.0%</b>	<b>\$0</b>	L38
<b>Provision for Depreciation/Amortization</b>	<b>\$5,150,000</b>	<b>\$6,110,000</b>	<b>18.6%</b>	<b>\$960,000</b>	L39
<b>Total Operating Expense</b>	<b>\$684,019,205</b>	<b>\$723,621,268</b>	<b>5.8%</b>	<b>\$39,602,063</b>	