

# Bay Area Toll Authority

June 25, 2025

Agenda Item 4a - 25-0826

## Bay Area Toll Authority (BATA) Resolution No. 185.

### BATA Proposed Fiscal Year (FY) 2025-26 Operating and Capital Budget

#### **Subject:**

Staff requests adoption of Bay Area Toll Authority (BATA) Resolution No. 185, approving the BATA Proposed Fiscal Year (FY) 2025-26 Operating and Capital Budget.

#### **Summary of Changes from May Draft:**

On May 28, 2025, staff presented the draft FY 2025-26 Operating and Capital Budget to the Authority as an information item. The proposed budget includes an updated cost-of-living adjustment and vacancy savings. These updates resulted in an increase to salaries and benefits costs, resulting in an aggregate increase of \$173,000, and a reduction to the total operating surplus of \$173,000.

#### **Background:**

The Bay Area Toll Authority is responsible for collecting and administering toll revenues across the seven state-owned bridges in the Bay Area. These funds sustain the operational and maintenance needs of the bridges, support rehabilitation projects, and service the debt associated with the bridge infrastructure. BATA also manages Bay Area FasTrak<sup>®</sup>, the region's electronic toll payment system, which facilitates toll collection for both bridges and express lanes.

Ownership and direct maintenance of the bridges remain under the purview of the California Department of Transportation (Caltrans).

The proposed BATA operating budget outlines a balanced operating plan, projecting total operating revenue of \$1.2 billion, which includes \$985 million generated from general toll revenue. Operating expenses, including maintenance, administration, debt service, transfers out, and one-time expenditures, amount to \$938 million. The resulting operating surplus of \$259 million is reserved for capital projects, notably supporting the \$4.5 billion Regional Measure 3

(RM3) expenditure plan and a proposed FY 2025-26 Rehabilitation Program budget of \$337 million.

**FY 2024-25 Operational Highlights:**

Key achievements and challenges from FY 2024-25 include:

- The continuation of the low-income toll payment plan, effective as of July 1, 2023.
- Modest year-over-year growth in bridge traffic, which remains substantially below FY 2018-19 levels.
- FY 2024-25 year-end paid traffic trending at approximately 101% of assumptions in the FY 2024-25 budget and 85% of pre-pandemic levels.

As total traffic stabilizes with ongoing efforts to transition to all-electronic tolling, staff recommends continuing steady toll revenue expectations in alignment with FY 2025-26 budget assumptions.

**FY 2025-26 Budget:**

The following are the key assumptions for the development of the FY 2025-26 budget:

- Assumed a 0.5% traffic growth from current FY 2024-25 budget levels.
- An additional \$1 of voter-approved RM3 toll increase went into effect January 1, 2025 and will be in effect for all of FY 2025-26.
- The proposed budget includes the Board approved 2026 toll increase of 50 cents effective January 1, 2026 for two-axle vehicles and per-axle for multi-axle vehicles.
- Violation revenue is down by 25% from FY 2024-25 year-end projected revenue which includes additional revenue related to the resumption of DMV hold and the timing of collection of unpaid violations.
- An overall decrease in salaries due to reallocation of staff. This decrease occurs despite reduced vacancy savings and a 2.8% cost of living adjustment, which is pursuant to the Metropolitan Transportation Commission Memorandums of Understanding.

- A 6% vacancy rate assumption is included, which is in alignment with ongoing staffing trends.
- The rate on the Authority's tax-exempt variable rate debt averages 3.5%.
- The proposed addition to the bridge rehabilitation budget is \$337 million, increased by \$205 million from the FY 2024-25 budget of \$132 million.

### **Operating Revenue:**

As of July 2024, office attendance in San Francisco has been on a slow path to recovery, though it remains below pre-pandemic levels. Current occupancy rates average between 40-50%, according to data from San Francisco's Office of Economic and Workforce Development. This gradual improvement, alongside a projected modest 0.5% increase in total traffic for FY 2025-26 compared to FY 2024-25 year-end estimates, informs the basis for the toll revenue forecast.

The FY 2025-26 budget assumes a slight rise in paid traffic projections which now stand at approximately 85% of pre-pandemic levels (FY 2018-19), reflecting cautious optimism about sustained traffic stabilization and toll collection efforts.

Total toll revenue for FY 2025-26 is projected at \$985 million, representing an \$89 million or 10% increase from the FY 2024-25 budget. This growth incorporates a full year of the additional \$1 RM3 toll rate adjustment implemented on January 1, 2025, as well as the incremental \$0.50 increase scheduled for January 1, 2026 per the BATA approved 2026 toll increase. These adjustments, combined with a steady recovery in traffic, position BATA to continue addressing regional transportation infrastructure needs effectively.

Revenue highlights include:

- Toll revenue is up 10% over FY 2024-25 year-end estimate of \$896 million.
- Violation revenue estimate is \$29.0 million, which is \$9.5 million or 25% lower than FY 2024-25 projections which include the recent resumption of DMV registration holds and timing of collection of prior years' unpaid violations.
- Reimbursement revenue for the utilization of the FasTrak<sup>®</sup> payment system is projected at \$16.4 million for FY 2025-26. This represents a \$3.2 million decrease compared to

the FY 2024-25 budget. The reduction is primarily attributed to lower revenue projections from the Golden Gate Bridge and the discontinuation of reimbursements from the Bay Area Infrastructure Financing Authority (BAIFA). Moving forward, costs previously reimbursed by BAIFA will be directly charged to the agency. This change does not result in a net financial impact. This reflects an administrative shift in financial allocation and accounting practices.

**Operating Expenses:**

Projected FY 2025-26 BATA Operating Expense, including transfers, debt service, and one-time expenses total \$938 million, a 2% increase from FY 2024-25 approved budget.

FY 2025-26 operating expenses highlights in comparison to FY 2024-25 budget include:

- Caltrans Operations, \$18.4 million - Up \$4.5 million due to increased costs that are needed for maintenance on the bridges including Caltrans staffed paint assignments, and for anticipated additional workload for the bike path switch on Richmond San Rafael bridge. This work is subject to approval by the Bay Area Conservation Development Commission of Caltrans and BATA's permit application to restore the shoulder during the work week.
- FasTrak® Operations, \$134 million - reflecting a decrease of \$6.5 million compared to the FY 2024-25 budget. This reduction is attributed to two key factors:
  - The FY 2024-25 amended budget included a \$17.2 million carryover for previously unpaid invoices. With this carryover excluded, the budget reflects underlying growth in operational costs.
  - There is a \$11.3 million net increase in costs for the regional customer service center operations, driven by several factors, including: adjustments due to the Consumer Price Index (CPI) increases for toll operations, contract change orders prompted by higher transaction volumes and new tolling system projects, initiatives stemming from policy changes, system maintenance and upgrades, partner integration requirements, and commitments made to the BATA board in line with toll increase policies.

Additionally, the FY 2025-26 budget includes a one-time allocation of \$3 million for the continuation of the Title 21 FasTrak® tags swap program. This amount, previously unspent in FY 2024-25, has been re-budgeted for the new fiscal year to ensure completion.

- Toll Bridge Administration, \$40.0 million – Down by \$1.9 million due to lower staff costs stemming from vacancy savings, cost savings in general operating expenses, and lower legal expenses due to carryover of unpaid contracts included in the FY 2024-25 amended budget.
- Debt Service, \$587 million - Up by \$5.8 million due to anticipated interest rate increase for variable rate debt and new money financing for the RM 3 program.
- RM2 related expenses, \$54.4 million - Decreased by \$388 thousand mainly due to FY 2024-25 carryover budget of unpaid invoice for the BART inspector general expenses. Without this carryover, there is a net increase of \$525 thousand for the statute directed expenses at 38% of RM2 revenue for transit operating assistance and \$216 thousand scheduled increase for Transbay Transit Terminal Maintenance costs.
- RM3 related expenses, \$64.4 million – Increased by \$18.8 million which includes the expenditure plan dedication of 16% of estimated revenue for transit operating assistance. AC Transit requests use of previous years' accumulated operating funds of \$9.3 million.
- Transfers, \$29.8 million - Higher by \$2.9 million due to higher administration draw transfers to MTC which is based on higher budgeted revenue.
- One-time expenses, \$3 million – Includes only the \$3 million rebudget for the Title 21 FasTrak tags swap. The FY 2025-26 budget for one-time expense shows a reduction of the \$7.5 million transfer to MTC to fund implementation of a new Enterprise Resource Planning (ERP) system that started in FY 2024-25.

**Rehabilitation Program:**

Each year BATA works closely with Caltrans to develop the budget for the program. Over the past 18 years both Caltrans and BATA have administered over \$2 billion in bridge rehab projects as follows:

Budget vs. Actual (in millions)

	<u>Life-to-date</u> <u>Budget</u> <u>Thru FY</u> <u>2024-25</u>	<u>Actual</u> <u>As of 03/31/25</u>	<u>Balance</u>
Caltrans	\$1,262	\$1,013	\$249
BATA	\$923	\$649	\$275
	<u>\$2,185</u>	<u>\$1,662</u>	<u>\$524</u>

BATA's FY 2024-33 Capital Improvement Plan (CIP) provided a baseline for the FY 2025-26 budget. The CIP, first adopted in February 2023 and amended by BATA in January 2025, outlines projects that BATA intends to fund and implement with Caltrans to preserve the bridges and tolling infrastructure on a multi-year basis. As projects advance, a more precise schedule and cost estimate is developed and some variance between the plan and the budget is expected.

The proposed FY 2025-26 budget is \$337 million, up from the FY 2024-25 approved budget of \$132 million (details are included in Attachment C-1 and C-2).

Major components of the FY 2025-26 budget (in millions):

	<u>Adopted CIP</u> <u>FY2025-26</u>	<u>Proposed Budget</u> <u>FY2025-26</u>
Bridge Preservation	\$152	\$237
Technology & Transportation Support Elements	\$91	\$51
Routine Preservation	\$47	\$49
<b>Total</b>	<b>\$290</b>	<b>\$337</b>

Similar to past years, structural steel painting, part of the Bridge Preservation, remains the largest component of the rehab budget, as Caltrans prepares for the next phases of painting on the San

Francisco-Oakland Bay Bridge West Span. This is part of a series of structural steel protection projects estimated at a capital cost of over \$200 million dollars and will be advertised in FY 2025-26 with an estimated completion timeline of 5 to 7 years. As presented to the Authority during the CIP update in January 2025, one significant driver of the cost increase is due to new California Occupational Safety and Health Administration regulations taking effect in 2025.

The budget for navigational aid and fender projects are also prioritized to ensure functionality of existing systems in place that mitigate risk to toll bridges from vessel allision.

Caltrans and BATA staff collaborate throughout the year to ensure optimal capital outlay funding and timing of projects. As projects progress towards the construction phase, staff may request budget amendments as needed for awarding those contracts. The complete list of proposed FY 2025-26 Bridge Rehab projects can be found in Attachments C-1 and C-2.

**Capital Programs:**

Other capital projects are underway in the following programs (in millions).

	FY 2025-26 Budget	Actual*	Balance
AB1171	\$570	\$536	\$34
RM2	1,589	1,557	32
RM3	4,450	403	4,047
Core Capacity Challenge	250	204	46
Other Capital Projects	10	0	10
<b>Total Other Capital Projects</b>	<b>\$6,869</b>	<b>\$2,700</b>	<b>\$4,169</b>

*\*As of March 2025*

There are no additional capital budget requests for these capital programs in FY 2025-26. The full list of projects for these capital programs is included in Attachments B, D, E and F.

**Operating and Capital Reserve:**

Staff is not proposing any changes to the designated reserves for Fiscal Year 2025-26.

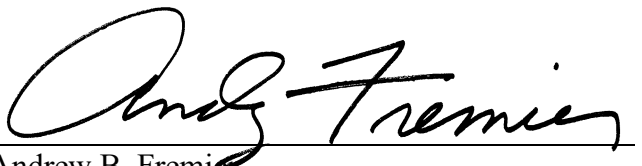
Information on these designated reserves is included in Attachment G.

**Recommendations:**

Staff recommends adoption of Resolution No. 185, approving the BATA FY 2025-26 Operating and Capital Budget

**Attachments:**

- Bay Area Toll Authority (BATA) Resolution No. 185, FY 2025-26 Operating and Capital Budget
  - Attachment A – Operating Budget
  - Attachment B - Capital Projects
  - Attachment C-1 - Rehabilitation Program Budget Summary
  - Attachment C-2 - Rehabilitation Program Budget by Program
  - Attachment D - Regional Measure 2 Regional Traffic Relief Program Capital Budget Summary
  - Attachment E - AB 1171 Capital Program Budget Summary
  - Attachment F - Regional Measure 3 Bay Area Traffic Relief Plan Capital Budget Summary
  - Attachment G - Fund Reserve Designations (effective July 1, 2025)
- Presentation



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