

# Metropolitan Transportation Commission

## Commission Workshop (Day 2)

April 25, 2024

Agenda Item 4a

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

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#### **Subject:**

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

#### **Background:**

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

#### **Toll Revenues:**

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

#### **BATA Commitments:**

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

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

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

**Attachments:**

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



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Andrew B. Fremier