

# Bay Area Infrastructure Financing Authority

## BAIFA

May 27, 2026

Agenda Item 5a - 26-0506

### Bay Area Infrastructure Financing Authority (BAIFA) Draft Fiscal Year 2026-27

#### Operating and Capital Budget

---

#### **Subject:**

An informational presentation for the Bay Area Infrastructure Financing Authority (BAIFA) Draft Fiscal Year (FY) 2026-27 Operating and Capital Budget.

#### **Background:**

The Bay Area Infrastructure Financing Authority (BAIFA) operates a 118 lane mile express lane network in the Bay Area. BAIFA is a joint powers authority between the Metropolitan Transportation Commission (MTC) and the Bay Area Toll Authority (BATA). BAIFA manages the Metropolitan Transportation Commission's express lanes (EL) on the Interstate 680 (I-680 EL) in Contra Costa County that spans 36 lane miles, on the Interstate 880 (I-880 EL) in Alameda County that spans 46 lane miles, and 36 lane miles that recently opened on Interstate 80 (I-80 EL) in Solano County and which began tolling operations in December 2025. Toll revenue is collected using FasTrak®, which is the electronic toll payment system used at the Bay Area's eight toll bridges and on the express lanes. BAIFA also operates and maintains the San Mateo 101 Express Lanes (SM 101 EL) under a cooperative agreement with the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA), with expenses reimbursed by the SMCELJPA. While BAIFA has other responsibilities with respect to infrastructure financing, those have no impact on the agency's operating or capital budgets.

BAIFA's FY 2026–27 Operating and Capital Budget reflects a strong and stable financial position, supported by a full year of expanded express lane revenue generation, disciplined cost management, and significant reserves. Total operating revenue is projected at \$117.8 million, inclusive of violation revenues, reimbursement revenues, interest, and other income. San Mateo 101 reimbursement revenue is projected to increase to \$7.2 million. This portion of the budget is self-balancing, as BAIFA is fully reimbursed for its operational expenditures related to the SM 101 EL.

Operating expenses are projected at \$52.3 million, an 8.8% increase, primarily driven by the first full year of I-80 EL operations.

Overall, BAIFA anticipates an operating surplus of \$65.4 million, enabling \$44.4 million in transfers to MTC projects and for capital and rehabilitation needs while still yielding a \$21.0 million net surplus. This budget positions BAIFA to maintain a high-performing express lane network while advancing long-term capital and reinvestment priorities.

**Operating Budget**

The BAIFA draft FY 2026-27 operating budget is summarized below (in thousands):

	<b>FY 2025-26 Approved</b>	<b>FY 2026-27 Draft</b>	<b>% Change</b>
Toll Revenue	\$93,162	\$90,921	(2.4%)
Violations	\$7,922	\$9,950	25.6%
SM-101 Reimbursement	\$6,579	\$7,248	10.2%
Interest / Other	\$9,055	\$9,655	6.6%
<b><u>Total Operating Revenue</u></b>	<b><u>\$116,718</u></b>	<b><u>\$117,774</u></b>	<b><u>0.9%</u></b>
FasTrak O&M	\$14,183	\$12,048	(15.1%)
Express Lanes O&M	\$18,865	\$22,945	21.6%
Administration	\$8,496	\$10,096	18.8%
SM-101 Tolling Operations	\$6,579	\$7,248	10.2%
<b><u>Total Operating Expense</u></b>	<b><u>\$48,123</u></b>	<b><u>\$52,337</u></b>	<b><u>8.8%</u></b>
<b><u>Operating Surplus</u></b>	<b><u>\$68,595</u></b>	<b><u>\$65,437</u></b>	<b><u>(4.6%)</u></b>
Transfer In/(Out)-MTC	(\$339)	(\$339)	
Transfer In/(Out)-Capital Programs	(\$51,560)	(\$44,055)	
<b><u>Net Operating Surplus/(Deficit)</u></b>	<b><u>\$16,696</u></b>	<b><u>\$21,043</u></b>	

Total toll revenue is projected at \$90.9 million, a 2.4% decrease from FY 2025-26 budget.

Performance on the I-680 and I-880 corridors remains steady, and FY 2026-27 will include the first full year of tolling on the I-80 EL, including weekends. The draft budget applies a 2.5%

annual growth rate for I-680 EL and I-880 EL based on current trends and the 10-year financial plan. The overall decline in total projected toll revenue reflects the use of a more conservative estimate of revenue performance for the I-80 EL in FY 2026-27 than the FY 2025-26 budget. The current fiscal year's revenue assumptions for the newly opened I-80 EL did not benefit from actual usage data. The draft FY 2026-27 budget uses observed weekday traffic volumes with adjustments for weekend activity as of March 2026 as its basis.

The projection of violation revenue for FY 2026-27 is based on the current year's actual trend, which is on pace to exceed the original budget. The draft budget incorporates growth from I-80 EL full year operations while at the same time moderating this growth trend for the I-680 and I-880 ELs from prior-year levels as COVID-era backlogs taper off in line with the Bay Area Toll Authority's (BATA) systemwide assumptions. The result is projected FY 2026-27 violation revenue that reflects a \$2.0 million increase over the FY 2025-26 budget.

Operating expenses total \$52.3 million, an 8.8% increase, primarily driven by the first full year of I-80 EL operations. This growth reflects expanded express lane operations and maintenance requirements, including roadway and toll-system maintenance, an updated California Highway Patrol (CHP) enforcement agreement, Regional Operations Center (ROC) transition costs, and new backhaul contingency funding.

FasTrak® customer service expenses decline significantly due to a refinement in estimation methodology to better align budgets with historical expenses, while banking, collection, and DMV fees also decrease as one-time backlog-related volumes from the pandemic era normalize. Administrative expense projections increase in FY 2026-27 due to rising professional services expenditures reflecting expanded advisor support on the I-680 EL driven by increased field monitoring of multiple capital projects by others, and on the I-80 EL as support costs shift from capital to operating.

Total staffing spending is planned at \$3.8 million, reflecting a \$514k increase. Salaries incorporate a 3.2% cost-of-living adjustment (COLA) based on current consumer price index (CPI) forecasts and a net increase of 1.7 full-time equivalent (FTE) staff allocated to BAIFA. The actual cost of living adjustment (3.8%), based on figures released by the Bureau of Labor Statistics on May 12, 2026, will be reflected in the final proposed budgets presented on June 24,

2026. Updates to the cost-allocation methodology, specifically removing paid time-off (PTO) from the allocation base, reduce the indirect cost rate and lower projected overhead by \$804k. Based on these projections, BAIFA is poised to deliver a substantial operating surplus of \$65.4 million, underscoring the strength of its financial position and the impact of sustained cost efficiencies.

BAIFA also continues its funding to MTC projects totaling \$339k, including \$253k for ERP system costs. After planned transfers of \$44.1 million to BAIFA capital and rehabilitation programs, the budget retains a \$21.0 million net surplus, reinforcing BAIFA's ability to reinvest in system reliability, regional mobility, and long-term asset stewardship. Attachment A presents the operating budget details. Staff is updating the BAIFA Express Lanes Ten-Year Financial Plan adopted in March 2024 and intends to present that update in the fall.

### **Reserves**

Resolution No. 53, adopting the reserves policy for BAIFA, provides for BAIFA to set aside funds for Capital Repair & Replacement (R&R) reserve, Operations & Maintenance (O&M) reserve, and Emergency reserve. BAIFA's reserve position remains strong and fully compliant with policy. With a new FY 2026-27 transfer of \$30.0 million from operating surplus and fund balance, the R&R reserve increases to \$120.0 million, advancing toward the \$135.0 million target. Both the O&M reserve at \$30.0 million and the Emergency reserve at \$25.0 million remain fully funded. This robust reserve posture provides flexibility to manage operational risks, absorb revenue variability, and support future capital and rehabilitation needs, positioning BAIFA for sustained operational reliability and disciplined long-term investment in the express lane network. Attachment D describes the fund reserve designations for FY 2026-27.

### **Capital and Rehabilitation Programs**

BAIFA continues to advance critical capital investments and rehabilitation programs that sustain system performance, safety, and long-term express lane reliability. BAIFA maintains a portfolio of sixteen capital projects with a life-to-date budget of approximately \$515.7 million. The FY 2026-27 budget for the capital development program includes \$30.0 million in funding, driven largely by BAIFA's significant contribution toward the I-680 Northbound Express Lane completion project. These capital expenses are funded from the estimated operating surplus,

ensuring that the projects are financially sustainable. A complete list of the BAIFA capital program is in Attachment B.

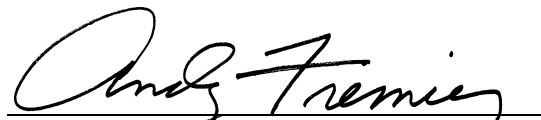
The BAIFA Rehabilitation Program is dedicated to the long-term maintenance and repair of the toll system for both existing and upcoming express lanes. This program ensures the continued efficiency and reliability of the toll infrastructure, which is vital for BAIFA's EL network. The FY 2026-27 life-to-date budget will be \$132.4 million after providing \$14.1 million this upcoming fiscal year for rehabilitation activities, including toll system refreshes, spare parts, and associated staff support, ensuring the express lane network remains modern and resilient. The toll system refresh is a multi-year project identified in BAIFA's financial plan that replaces the existing toll system as it begins to reach its end of useful life. Staff will present an overview of the project in the fall. A complete list, Attachment C, of projects in the Rehabilitation Program is included in the budget schedule.

**Recommendation**

For information only.

**Attachments:**

- Attachment A: FY 2026-27 Operating Budget
- Attachment B: FY 2026-27 Capital Budget
- Attachment C: FY 2026-27 Rehabilitation Budget
- Attachment D: Fund Reserve Designations
- Attachment E: Presentation

  
Andrew B. Fremier