

Bay Area Infrastructure Financing Authority (BAIFA)

July 26, 2023

Agenda Item 3b - 23-0938

Bay Area Infrastructure Financing Authority (BAIFA) Fiscal Year 2022-23 Third Quarter Financial Statements (Unaudited)

Subject:

Fiscal Year (FY) 2022-23 Bay Area Infrastructure Financing Authority (BAIFA) third quarter financial statements (unaudited).

Background:

BAIFA operates Metropolitan Transportation Commission's express lanes, Interstate 680 (I-680) and the Interstate 880 (I-880). Toll revenue is collected using FasTrak[®] which is the electronic toll payment system used at the Bay Area's seven toll bridges and on the express lanes. FasTrak[®] is also used for toll collections on the San Mateo 101 Express Lanes (SM 101 EL) under a cooperative agreement between BAIFA and the San Mateo County Express Lanes Joint Powers Authority (SMCELJPA).

As of the third quarter of FY 2022-23, ending March 31, 2023, BAIFA's total revenue was \$51.3 million or 74% of the adopted budget. Toll revenue was \$42.8 million at 77% of the budget, violation revenue was \$5.4 million at 75% of the budget, and interest and other revenues were \$2 million at 479% of the budget. Revenue collected as reimbursement from the SM 101 EL toll services was \$1 million or 19% of the budget.

In November 2022, BAIFA approved a budget amendment reducing the violation revenue estimate by \$2.25 million based on the newly adopted toll violation penalty structure of \$10 for the first notice plus \$20 for the second notice from the prior structure of \$25 for the first notice plus \$45 for the second notice. Staff was granted approval by BAIFA for the reduced penalties in July 2022, effective October 3, 2022. This budget amendment for the violation revenue reduction was equally applied to the I-680 and I-880 ELs.

Total expenses and transfers were \$23 million or 40% of the budget. Operating expenses were \$11.7 million, or 37% of the annual budget. Transfers of \$11.4 million to BAIFA Capital and Rehabilitation Programs were already made to fund staff and consultant costs as budgeted. The budget includes transfer to the capital reserve of \$15 million which will be made in the last quarter of the year.

As of the third quarter of FY 2022-23, expenses continued to be lower due to billing delays but payments of invoices are anticipated to accelerate by the end of the fiscal year. Toll system manual image review expenses, however, are estimated to experience savings due to the lower unit costs charged by the vendor compared to the budget assumption. The roadway maintenance budget will have significant savings as well because of minimal road repairs and maintenance done on the ELs.

I-680 Operating:

Total revenue for the I-680 was \$13.2 million or 99% of the approved budget with $\frac{3}{4}$ of the fiscal year passed. The revenue consists of \$ 9 million of toll revenue or 82% of the budget, violation revenue of \$2.2 million or 104% of the budget, and interest and other revenues of \$2 million or 802% of the budget. The budget amendment reducing anticipated violation revenue was applied equally to both ELs, which made I-680 look like it overperformed versus the budget for violation revenue. The significant interest and other revenues earned as of the third quarter of the fiscal year was primarily due to more favorable actual treasury rates than the budget assumption.

Total expenses for the I-680 EL were \$4.4 million or 44% of the budget. Both the I-680 and I-880 EL incurred operating expenses that are lower than three quarters of the annual budget. These operating expenses are meant to cover FasTrak[®] operations, tolling systems operations and maintenance, and roadway and backhaul operations maintenance as vendor invoices and processing for payment thereof continue to be behind by a month or two. The lower than anticipated expenses are primarily due to billing delays and lower costs incurred for the image manual review and for roadway maintenance. The EL administration expenses are similarly trending low versus the budget.

The operating surplus, before transfers and reserves, for I-680 EL was \$8.8 million. A transfer from the operating surplus was made to Metropolitan Transportation Commission (MTC) projects for \$64 thousand and the BAIFA capital development program for \$250 thousand to fund staffing costs. There is a budgeted transfer to the capital reserve of \$3.5 million that will be made by the end of the fiscal year. The resulting net operating surplus was \$8.5 million versus the budgeted shortfall of \$600 thousand.

I-880 Operating:

I-880 EL generated toll revenue of \$37 million which is on track at 74% versus the budget with $\frac{3}{4}$ of the fiscal year passed. The revenue consists of \$33.8 million of toll revenue and \$3.2 million of violation revenue, or 75% and 64% of the annual budget, respectively. Due to the budget amendment to reduce violation revenues that was equally reduced from both ELs, I-880 looks like it is lagging behind versus the budget for violation revenue.

Total expenses were \$6.2 million or 39% of the budget. Similar to the I-680 EL, there were billing delays as well as savings among operating expenses. The operating surplus before transfers and reserves was \$30.9 million with subsequent transfers for staffing costs of \$1.2 million to the capital and rehabilitation programs and \$45 thousand to MTC projects.

San Mateo (SM) 101 Operating:

BAIFA has a cooperative agreement with SMCELJPA for BAIFA to manage the tolling system on SM 101 EL. SMCELJPA reimburses the associated operating expenses incurred by BAIFA for the tolling system. The SM 101 express lanes first segment opened in February 2022 and the second segment opened in March 2023. The budget included the anticipated opening of the second segment of this EL to achieve full corridor operations in December 2022 but opening was delayed.

As of the third quarter of FY 2022-23, BAIFA received reimbursement from the SMCELJPA for BAIFA staff costs and for managing the tolling system services. There was \$1 million of reimbursement revenue, or 19% of the budget. Expenses are \$1.1 million, 20% of the operating expenses budget. Lower costs were incurred for manual image review and there were much lower than budgeted roadway maintenance expenses.

Capital Programs:

Express Lanes Development Program

The BAIFA capital program remained within budget. The fourteen capital projects have an approved budget of \$447 million. The remaining budget balance was \$54 million as of the third quarter. (Attachment A).

Rehab Program

As of the third quarter of FY 2022-23, transfers to the BAIFA rehabilitation program totaled \$10.2 million for existing express lanes projects. These transfers were \$250 thousand from the I-680 operating surplus and \$10 million from the I-880 operating surplus, in accordance with the budget. The total BAIFA Rehab Program budget is \$12.8 million with no actual spending as of this period. (Attachment A).

Actions under Executive Director Contract signature authority:

Per Executive Director's Management Memorandum (EDMM) 352 the Executive Director is authorized to approve and execute contracts or amendments up to \$200,000 cumulatively (or as amended by Agency resolution). There were no relevant contract or purchase order actions taken for the third quarter that were within the Executive Director's authority.

Recommendations:

None. This item provided for information only.

Attachments:

- Attachment A – FY 2022- 23 Third Quarter BAIFA Financial Statements (unaudited)



Andrew B. Fremier

**BAIFA Operating Financial Statement
As of March 2023 (Unaudited)**

	FY 2022-23 Budget	Actual YTD	Current Budget Balance Over/(Under)	% of Budget (YTD/Bud)	Year Expired
Revenue:					
General Toll Revenue	56,000,000	42,840,782	(13,159,218)	76.5%	75.0%
Violation Revenue	7,150,000	5,393,237	(1,756,763)	75.4%	75.0%
Interest and Other Revenue	422,700	2,023,639	1,600,939	478.7%	75.0%
San Mateo 101 Express Lane JPA Revenue	5,416,695	1,026,850	(4,389,845)	19.0%	75.0%
Total Revenue	68,989,395	51,284,508	(17,704,887)	74.3%	75.0%
Expense:					
FasTrak Operations and Maintenance	8,856,984	4,029,356	(4,827,628)	45.5%	75.0%
Express Lanes & Backhaul Operations and Maintenance	13,444,154	4,607,356	(8,836,798)	34.3%	75.0%
Express Lanes Administration	3,614,365	1,970,971	(1,643,394)	54.5%	75.0%
San Mateo 101 Tolling Operations Services	5,416,695	1,063,828	(4,352,867)	19.6%	75.0%
Total Expense	31,332,198	11,671,511	(19,660,687)	37.3%	75.0%
Operating Surplus (Shortfall) before Transfers & Reserves	37,657,197	39,612,997	1,955,800	105.2%	75.0%
Transfers & Reserves					
Transfer (from)/to MTC	224,594	108,545	(116,049)	48.3%	75.0%
Transfer(from)/to Capital Program	11,410,000	11,410,000	-	100.0%	75.0%
Transfer (from)/to Capital Reserve	15,000,000	0	(15,000,000)	0.0%	75.0%
Total Transfer In (out) & Depreciation	26,634,594	11,518,545	(15,116,049)	43.2%	75.0%
Net Operating Surplus (Shortfall)	11,022,606	28,094,452			