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## *Memorandum*

TO: BATA Oversight Committee

DATE: May 6, 2009

FR: Executive Director

W. I. 1252

RE: Draft FY 2009-10 Toll Bridge Program Operating and Capital Budget (BATA Resolution No. 86)

This memorandum presents the draft FY 2009-10 operating and capital budgets for the toll bridge program. Attachment A includes the line detail for the FY 2009-10 budget as compared to the FY 2008-09 revised budget. The major highlights and issues regarding the FY 2008-09 and FY 2009-10 budgets are outlined as follows:

### **FY 2008-09 Toll Traffic**

As shown in Table 1, for FY 2008-09 (through March 2009), total traffic is approximately 2.8 percent less than in FY 2007-08 and toll-paid traffic is expected to be about 2.2 percent lower compared to the previous fiscal year. The table also shows that in comparison to a year ago, toll violations decreased by approximately 35.5 percent and carpools use was fairly steady.

**Table 1 - Toll Traffic – FY 2007-08 & FY 2008-09 (Through Third Quarter)**

	<b>FY 2007-08</b>	<b>FY 2008-09</b>	<b>Percent Change</b>
Total Vehicles	95,759,769	93,044,106	-2.8%
Toll Paying Vehicles	85,750,856	83,879,046	-2.2%
Carpools/Free Vehicles	7,502,108	7,548,621	0.6%
Violations (True)	2,506,805	1,616,439	-35.5%

### **FY 2009-10 Draft Budget**

#### **Revenue:**

For FY 2009-10, staff is proposing vehicle crossings and toll revenue estimates that are about the same as the FY 2008-09 estimated actual revenues. As shown in Table 2, staff is estimating that FY 2009-10 toll revenues will be 0.4 percent less than the projected revenue estimates for FY 2008-09.

**Table 2 - FY 2009-10 Estimated Toll Revenues**

	<b>FY 2008-09 Estimated Actual Toll Revenues</b>	<b>Estimated FY 2009-10 Toll Revenues</b>	<b>Percent Change</b>
RM 1 Revenues	\$131,508,000	\$131,040,000	-0.4%
RM 2 Revenues	\$112,400,000	\$112,000,000	-0.4%
SRP Revenues	\$224,800,000	\$224,000,000	-0.4%
Total	\$468,708,000	\$467,040,000	-0.4%

The FY 2009-10 revenue estimates also include \$17.0 million as a rebate for the Build America Bonds (BAB) that BATA is planning to issue. This amount represents 35 percent of interest expense that the federal government will reimburse to BATA for issuing these bonds.

**Operating Expense:**

1. For FY 2009-10, the draft budget includes \$32.7 million for Caltrans’ operating expenditures, which is about \$2.4 million (-7 percent) less than the FY 2008-09 adopted budget. The major highlights in the Caltrans’ portion of the budget include:

- The Toll Collections line item for FY 2009-10, which accounts for almost 70 percent of the Caltrans operations budget, is projected to be \$22.0 million, which is 11 percent less than the FY 2008-09 adopted budget. The budget reduction is due to the implementation of manual toll collection staffing reductions during the current year and for next fiscal year, as proposed in BATA’s FasTrak<sup>®</sup> Strategic Plan (Agenda Item #4). As shown in Table 3, we expect that the actual expenditures for Toll Collections will be \$1.5 million less than budgeted for FY 2008-09. As shown in the table, the FY 2009-10 toll collections budget will be further reduced by about \$1.0 million based on lane configuration changes at the toll plazas proposed to be implemented in FY 2009-10. The implemented and planned staffing reductions have been and are proposed to occur through attrition and not require staff lay-offs.

**Table 3 - FY 2008-09 and FY 2009-10 Manual Toll Collections Budgets**

	<b>FY 2008-09 Budget</b>	<b>FY 2008-09 Projected Expenses</b>	<b>FY 08-09 Savings</b>	<b>FY 2009-10 Proposed Budget</b>	<b>FY 09-10 Savings</b>	<b>Total Savings</b>
Toll Collection Budgets	\$24,583,000	\$23,050,000	\$1,533,000	\$22,000,000	\$1,050,000	\$2,583,000
Toll Collection PYs	326	315	11	291	25	36

Although the total staffing levels have been reduced, the toll collections budget has not been reduced at the same rate mostly due to the overhead rate charges that BATA pays to Caltrans. For the FY 2009-10 proposed budget, there are two items regarding benefit and overhead rates that should be noted;

- The FY 2009-10 proposed budget for manual toll collections assumes a 20% increase in the State established benefits rate for Caltrans staff. This change in benefits rate has resulted in an approximate \$1.5 million in added costs, which is reflected in the proposed budget for FY 2009-10.
- The FY 2009-10 budget assumes the same overhead rate as in the current fiscal year. The State has not as of yet issued the overhead rates for reimbursable services for FY 2009-10. If there are increases in the overhead rates, the budget savings due to staff reductions as described above will be lessened.

- Toll funds pay for Caltrans’ bridge structure maintenance (Category A Maintenance) expenses and toll facility maintenance (Category B Maintenance) for the state-owned bridges. Pursuant to state law, BATA pays the Category Maintenance A expenses for all bridges that have completed seismic retrofits. For FY 2009-10, staff is proposing a total budget of \$10.2million for Maintenance A and B activities, which is 3.5% more than the maintenance budget for FY 2008-09. This amount reflects the approximate same service level for maintenance activities as in FY 2007-08, but includes an increase in the benefits rate for maintenance employees.
2. In April 2009, the Oversight Committee authorized staff to enter into a four year contract extension with ACS State and Local Solutions for the continued operation of the CSC. As part of the negotiations for the contract extension, BATA and the CSC agreed on a revised cost structure for the operations. For FY 2009-10, staff is proposing a total budget of \$14.9 million for the operation of the FasTrak® Customer Service Center (CSC), which is \$1.1 million (-7 percent) less than the adopted budget for FY 2008-09.
  3. For FY 2009-10, a total of about \$41 million is budgeted for BATA’s Administration costs for the RM 1, SRP, and RM 2 toll bridge programs, which represents a 39 percent increase from the FY 2008-09 budget. Almost all of the increase in BATA’s administration costs is due to BATA’s finance costs increasing from \$20 million in FY 2008-09 to \$32 million in FY 2009-10 due to increased liquidity fees for BATA’s variable rate debt.

**Capital Programs:**

For FY 2009-10, Caltrans has requested a total net allocation of \$11.6 million to fund on-going support for construction oversight of the remaining Regional Measure 1 contracts. Based upon BATA’s current financial plan, the current forecast for the remainder of the program is fundable. Table 4 below shows the distribution of allocations for FY 2009-10.

**Table 4 - FY 2009-10 Regional Measure 1 Capital Support Allocations**

Project	Total FY 2009-10 Support Allocation (millions)	Notes
New Benicia-Martinez Bridge	\$2.5	Construction oversight support
New Carquinez Bridge	\$0.2	Final project close-out
Interstate 880/State Route 92 Interchange	\$8.9	Construction oversight support
Total	\$11.6	

For the Toll Bridge Seismic Retrofit Program (SRP), at its March meeting, the Toll Bridge Program Oversight Committee (TBPOC) established a FY 2009-10 budget of \$111.7 million for Caltrans ongoing construction oversight and design support costs for the San Francisco-Oakland Bay Bridge East Span Replacement Project.

**Table 5 - FY 2009-10 Seismic Retrofit Program Capital Outlay Support Allocations**

Project	Total FY 2009-10 Support Allocation (millions)	Notes
SFOBB East Span Replacement Project	\$111.7	Design and construction support
SFOBB West Approach Project	(\$0.2)	For ongoing construction support
Seismic Retrofit Program Total	\$111.5	

### Toll Bridge Rehabilitation Program

A ten-year Toll Bridge Rehabilitation Program has been adopted by BATA to maintain the safe and efficient operation of the bridges and associated facilities. For FY 2009-10, we have updated the Rehabilitation Plan (Table 6), which includes a total of \$166 million in the most critical bridge structure rehabilitation and toll collection projects over the 10-year period.

**Table 6 - FY 2009-10 Toll Bridge Rehabilitation Program Capital Allocations**

Toll Bridge Rehabilitation Projects	Capital Allocation (millions)	Support Allocation (millions)
Dumbarton and Antioch Bridge Seismic Analysis	\$2.0	\$5.6
Bridge Rehabilitation Projects	(\$0.5)	\$6.5
Plaza and Facility Rehabilitation Projects	\$34.5	\$2.9
Revenue Collection Upgrades and Tag Procurement	\$8.0	\$0.4
FasTrak® Strategic Plan and Toll Plaza Improvements	\$9.5	\$0.3
Miscellaneous Projects and Inspection	\$2.6	\$1.7
Totals	\$56.1	\$17.4

### **Recommendation**

The draft budget is presented for the Committee's information. Staff will present the final budget for approval in June.

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/s/  
Steve Heminger

SH: rmc