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Memorandum

TO: BATA Oversight Committee

DATE: June 1, 2011

FR: Executive Director

W. I. 1252

RE: FY 2010-11 Toll Bridge Program Capital Budget (BATA Resolution No. 94, Revised), and FY 2011-12 Toll Bridge Program Operating and Capital Budget (BATA Resolution No. 98)

This memorandum presents the final FY 2010-11 and FY 2011-12 operating and capital budgets for the toll bridge program. The FY 2010-11 capital budget reflects final changes to project allocations for the current fiscal year, FY 2010-11. Attachment 1 includes the line item detail for the FY 2011-12 operating budget as compared to the FY 2010-11 budget. For the final FY 2011-12 budget there are two changes from the draft operating budget and two changes from the draft capital budget presented to the Committee last month, as follows:

- Two line items under BATA's Administrative Expenses have been increased slightly in the final budget, including a \$125,000 increase in auditing expenses (totaling \$1,250,000) and a \$100,000 increase in business insurance costs (totaling \$500,000) to reflect better estimates of the costs for those requirements.
- BATA transfers Regional Measure 2 (RM 2) funds to MTC to support marketing and public education activities for RM 2 projects. The budget has been revised to include a fund transfer of RM2 for these activities in the total amount of \$3.9 million, which includes \$877,000 for marketing and launching new services for RM2 projects and \$3 million for marketing the implementation of Clipper. The revision is consistent with the MTC budgeting for these projects.
- The FY 2011-12 fund allocations for the Toll Bridge Rehabilitation Plan projects have decreased to \$82 million. The capital portion (\$43 million) of the Antioch Bridge Connector project (total project cost - \$50 million) was moved to FY 2012-13 and \$10 million of the Express Lane Planning project (total project cost - \$20 million) was moved from FY 2011-12 to FY 2012-13. These allocation adjustments are consistent with the expected year of expenditures for the two projects.
- Also, Caltrans has recently requested two capital outlay allocations and a program budget revision. For the Interstate 880/State Route 92 Interchange Project, Caltrans has requested a supplemental allocation of \$3.5 million for construction close-out costs. For the San Francisco-Oakland Bay Bridge East Span Replacement Project, Caltrans has requested a supplemental allocation of \$9.3 million to provide funding for the installation of various mechanical, electrical, and plumbing systems on the new bridge. Caltrans has also reported \$15.1 million in Toll Bridge Seismic Retrofit Program savings after the final close out of completed projects that will offset the supplemental allocation to the East Span Project. Remaining savings are returned to the program contingency.

FY 2010-11 Toll Traffic & Revenues

As shown in Table 1, for FY 2010-11 (through April 2011), total traffic is about one percent less than the same time period in FY 2009-10. As staff has reported to the Committee, following the toll charges implemented for carpools in July 2010, vehicles in the carpool lanes have decreased by about 35 percent (-2.7 million vehicles) and vehicles in the full fare lanes have increased by 2.0 percent (+1.6 million vehicles).

Table 1 - Toll Traffic – FY 2009-10 & FY 2010-11 (Through April)

	FY 2009-10	FY 2010-11	Percent Change
Full Fare Toll Paying Vehicles	92,607,735	94,271,938	2%
Reduced Fare Carpool Vehicles	7,750,376	4,984,263	-35%
Total Vehicles	102,004,607	101,339,718	-1%

For FY 2010-11, total revenues were estimated at \$596 million. Based on total toll revenue collections through the April 2011, we estimate that actual revenues for the current year will be within 0.5% of estimates.

FY 2011-12 Final Budget**Revenue:**

For FY 2011-12, staff is proposing total toll revenue collections of \$614 million, which is about \$18 million more than revenue estimates for FY 2010-11. The revenue estimate for FY 2011-12 is based on a projection of traffic volumes at current year levels and the planned toll increase for multi-axle (more than 2-axes) vehicles scheduled for implementation on July 1, 2011. The revisions to the Toll Schedule for the state-owned bridges, adopted in January 2010, included a phased implementation of a toll increase for multi-axle vehicles, as shown in Table 2.

Table 2 - Multi-axle (more than 2) Vehicle Toll Rates for FY 2011-12 and FY 2012-13

Axes	Current Toll	Toll Effective: July 1, 2011	Toll Effective: July 1, 2012
3	\$6.00	\$10.50	\$15.00
4	\$8.25	\$14.00	\$20.00
5	\$11.25	\$18.00	\$25.00
6	\$12.00	\$21.00	\$30.00
7+	\$13.50	\$24.25	\$35.00

It is estimated that the increase in tolls for multi-axle vehicles will generate approximately \$18 million in added revenues in FY 2011-12 and an additional \$18 million in FY 2012-13 when the full increase is implemented.

Operating Expense:

1. For FY 2011-12, the budget is estimated to total approximately \$61 million to maintain and operate the bridges, which is about one percent more than the operations budget in FY 2010-11 (\$60.4 million). The major highlights in the operations and maintenance portions of the budget include:

- The Toll Collections line item for FY 2010-11 is projected to be \$20 million, which reflects a budget about the same as projected expenditures in FY 2010-11, but is about \$1.6 million less than the FY 2010-11 adopted budget. During FY 2010-11, the number of staffed lane hours on all of the bridges was reduced to reflect traffic demands in the manual toll lanes. For FY 2011-12, staff is proposing a steady budget, which reflects projected steady traffic volumes for FY 2011-12. However, during FY 2011-12, BATA and Caltrans staff will continue to seek opportunities to reduce the lane staffing to most cost-effectively operate the toll plazas.
 - For FY 2011-12, staff is proposing a total budget of \$17.2 million for the operation of the FasTrak® Customer Service Center (CSC), which is about \$1.2 million more than the adopted budget for FY 2010-11. The added budget for FY 2011-12 is a result of staff's estimate of about 90,000 added FasTrak® accounts in FY 2011-12. BATA shares in the funding of the FasTrak® CSC with the Golden Gate Bridge, Highway & Transportation District and with Express Lanes and parking programs that use the FasTrak® program. For FY 2011-12, BATA's share of the total FasTrak® CSC cost is about \$13 million.
 - For FY 2011-12, the costs for maintaining the toll system on the bridges is proposed to be \$2.2 million, which is 20 percent more than in FY 2010-11. The budget increase is a result of added technician staffing to maintain the in-lane tolling equipment and for a larger inventory of spare parts for equipment repairs. The existing toll collection system was implemented in 1997 and is well beyond its useful life. Staff is currently working with a contractor to develop a new system, which is expected to be fully implemented in all toll lanes on all bridges by June 2013.
2. For FY 2011-12, a total of about \$30 million is budgeted for BATA's Administration costs for the RM 1, SRP, and RM 2 toll bridge programs, which represents a 73% percent decrease from the FY 2010-11 budget. Almost all of the decrease in administration costs is due to BATA's financing costs decreasing from \$68 million in FY 2010-11 to \$19 million in FY 2011-12. The decrease in financing costs is because most of the currently authorized bond issuances were completed in FY 2010-11.

Capital Programs:

Regional Measure 1 Toll Bridge Program

For FY 2011-12, Caltrans has requested a total net allocation of \$2.5 million to fund on-going support for construction oversight of the remaining Regional Measure 1 contracts. Caltrans has also requested a capital outlay allocation of \$3.5 million to cover potential construction close-out costs on the I-880/SR92 Project. Based upon BATA's financial plan, the current forecast for the remainder of the RM 1 program is fundable. Table 3 below shows the distribution of allocations for FY 2011-12.

Table 3 - FY 2011-12 Regional Measure 1 Capital Outlay Allocations

Project	Total FY 2011-12 Support Allocation (millions)	Total FY 2011-12 Capital Allocation (millions)	Notes
Interstate 880/State Route 92 Interchange	\$2.3	\$3.5	Construction oversight support and design of follow-up landscaping contract and close-out construction costs
Other RM1 Projects	\$0.2	\$0.0	For oversight of remaining mitigation and landscaping projects.
Total	\$2.5	\$3.5	

Toll Bridge Seismic Retrofit Program

For FY 2011-12, the Toll Bridge Program Oversight Committee recommends a support budget of \$106.2 million for Caltrans on-going construction oversight and design support costs for the San Francisco-Oakland Bay Bridge Retrofit, the Antioch Bridge Retrofit, and Dumbarton Bridge Retrofit Projects. This represents a 20% reduction from current year support expenditures, due primarily to the winding down of fabrication activity in Shanghai after the final shipment of steel this summer.

Caltrans has requested a supplemental allocation of \$9.3 million on the Yerba Buena Island Transition Structures #1 Contract for the installation of various mechanical, electrical, and plumbing utility systems on the bridge. Various portions of the mechanical, electrical and piping (MEP) utilities from earlier structures were postponed in order to avoid having these utilities in place for up to 6 years while the remaining portions of the new SFOBB east span were being completed. Caltrans has also reported \$15.1 million in Toll Bridge Seismic Retrofit Program savings after the final close out of completed projects that will offset the supplemental allocation. Remaining savings are returned to the program contingency. These changes are shown in Attachment F to the resolution.

Table 4 - FY 2011-12 Seismic Retrofit Program Capital Outlay Allocations

Project	Total FY 2011-12 Support Allocation (millions)	Total FY 2011-12 Capital Allocation (millions)	Notes
SFOBB East Span Replacement	\$93.3	\$9.3	Design, construction, and inspection support
SFOBB West Approach	\$0.3		For oversight of remaining mitigation and landscaping projects.
Antioch Bridge Retrofit	\$3.7		Construction oversight support
Dumbarton Bridge Retrofit	\$8.9		Construction oversight support
Seismic Retrofit Program Total	\$106.2	\$9.3	

Toll Bridge Rehabilitation Program

BATA and Caltrans continually develop and update a ten-year program of bridge and related projects (Toll Bridge Rehabilitation Program) to maintain the safe and efficient operation of the bridges and associated facilities. The current 10-year plan includes a total of about \$670 million in projects over the 10-year period. The total project cost over the 10-year period is consistent with the expected toll revenues available for bridge rehabilitation projects over the same time period.

For FY 2010-11, capital outlay and capital outlay support allocations have been revised to match final projections of expenditures. Additionally, the capital outlay allocation for the Carquinez Bridge fender replacement was increased with programmed toll bridge funds to \$16 million from \$11.6 million to account largely for additional work related to marine pile driving and for design revisions developed after the November 2007 Cosco Busan incident. BATA recently received a settlement check in the amount of \$1,325,000 for the damages related to the November 2007 Cosco Busan accident at the west span of the Bay Bridge. The project will be advertised for construction this summer. Total allocations for the Toll Bridge Rehabilitation Program have been reduced by \$2.1 million because of the close-out of projects that had reserve funds.

For FY 2011-12, staff is proposing fund allocations totaling \$82.3 million for Toll Bridge Rehabilitation Program projects, as shown in Table 5.

Table 5 - FY 2011-12 Toll Bridge Rehabilitation Program Capital Allocations

Toll Bridge Rehabilitation Projects	Capital Allocation (millions)	Caltrans Support Allocation (millions)	Other Support Allocations (millions)
Bridge Rehabilitation Projects	\$18.0	\$5.4	
Plaza and Facility Rehabilitation Projects	\$10.7	\$1.6	
Revenue Collection Upgrades and Toll Tag Procurement	\$15.0	\$1.3	
Miscellaneous Bridge Projects and Bridge Inspection	\$10.0	\$3.3	
Antioch Bridge Connector Project (SR4/SR160 Interchange)			\$7.0
Express Lanes Development			\$10.0
Totals	\$53.7	\$11.6	\$17.0

The Rehabilitation Plan includes a total of \$50 million to upgrade access to the southern approach of the Antioch Bridge at the State Route 4 / State Route 160 interchange. For FY 2011-12, it is proposed that \$7 million be provided to the Contra Costa Transportation Authority to provide design and engineering services for the project. The remaining \$43 million is programmed in FY 2012-13 for the capital portion of the project. Expenditure of funds for this project is contingent upon execution of the revised BATA/Caltrans Cooperative Agreement for the Operation of the State-owned Toll Bridges (BATA Resolution No. 62, Revised), approved by the Authority in April 2011.

The rehabilitation program also includes a total of \$20 million for continued planning and development of the regional Express Lanes network. The funding will allow for preliminary planning and scoping and initial engineering for potential near-term Express Lane projects in the vicinity of the toll bridges, which will be managed by BATA and MTC staff. The total programmed funding for this effort is divided between FY 2011-12 (\$10 million) and FY 2012-13 (\$10 million) in the Rehabilitation Program.

Recommendation

Staff recommends that the Committee refer BATA Resolution No. 94, Revised (revisions to FY2010-11 capital budget) and BATA Resolution No. 98 (FY 2011-12 operating and capital budget) to the Authority for approval.

Steve Heminger

SH: rmc