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## *Memorandum*

TO: BATA Oversight Committee

DATE: May 1, 2013

FR: Deputy Executive Director

W. I. 1251/1256

RE: Draft FY 2013-14 Toll Bridge Program Operating and Capital Budget

This memorandum presents an overview of the draft FY 2013-14 BATA Toll Bridge Operating and Capital Budget. The FY 2013-14 will mark the successful conclusion and completion of the Regional Measure 1 projects and initiation of the Express Lane program. The FY 2013-14 budget will be presented to the full Authority for approval in June.

### **A. FY 2012-13 Operating Budget Update**

#### **FY 2012-13 Revenues**

Total paid toll traffic for the first nine months of FY 2012-13 is up about 1.1% over FY 2011-12. The number of reduced fare carpool vehicles decreased by about 15,000 vehicles when compared to the first nine months of FY 2011-12, while full fare toll paying vehicles have increased by roughly 1,000,000 vehicles.

**Table 1**  
**Toll Traffic – Comparison of 9 Months of FY 2011-12 and FY 2012-13**

	<b>FY 2011-12</b>	<b>FY 2012-13</b>	<b>Change</b>
Full Fare Toll Paying Vehicles	86,052,993	87,070,464	+1,017,471
Reduced Fare Carpool Vehicles	4,058,982	4,044,343	- 14,639
Total Vehicles	90,111,975	91,114,807	+1,002,832

Total toll revenues through the third quarter of FY 2012-13 are about \$485 million, which is 4.2% above FY 2011-12.

**Table 2**  
**Toll Revenues – Comparison of 9 Months of FY 2011-12 and FY 2012-13**

	<b>FY 2011-12</b>	<b>FY 2012-13 Actual</b>	<b>Percent Change</b>
Full Fare Toll Paying Vehicles	\$455,306,708	\$474,688,311	4.3%
Reduced Fare Carpool Vehicles	\$10,147,455	\$10,110,858	-0.4%
Total Revenue	\$465,454,163	\$484,799,169	4.2%

#### **FY 2012-13 Expenses**

Staff projects that overall operating expenses for the current FY 2012-13 will be within the approved budget. Increases for electronic toll collection are the result of increases in FasTrak<sup>®</sup> accounts and increased maintenance expenses for in-lane toll collection equipment, which is in the process of being replaced with ATCAS II.

## **B. FY 2013-14 Draft Operating Budget**

The draft FY 2013-14 operating budget as compared to the current adopted FY 2012-13 operating budget is attached as Attachment A.

### **Toll Bridge Revenue (Lines 1a and 1b)**

Staff is estimating total toll revenue of \$646 million for FY 2013-14, which is about \$27,000 less than the adopted budget for FY 2012-13. Two-axle revenue has increased over the last three years. The small decrease in the revenue estimate is attributed to an estimated reduction of \$2.4 million revenue from the scheduled closure of the San Francisco-Oakland Bay Bridge (SFOBB) for five days over the Labor Day weekend to prepare for the opening of the new East Span bridge.

### **Other Revenues (Lines 4 to 6)**

Staff is anticipating an increase in reimbursement revenues (line 4). All agencies reimburse BATA for their FasTrak<sup>®</sup> collection costs. The Golden Gate Bridge reimbursement covers the on-going costs for their recently implemented all electronic tolling (AET). The interest subsidy payment from the Federal government for the Build America Bonds (line 5) should remain at \$76 million, although sequestration lowered the FY 2012-13 payment by \$2.8 million. The last payment from Caltrans for the State Payment Acceleration Notes (SPANs) will be \$300 million (line 6).

### **Toll Bridge Operations and Maintenance Expenses (Lines 8 through 15)**

Overall, for FY 2013-14, the cost to maintain and operate the toll bridges is estimated to total approximately \$69 million (line 15), which is about 5% more than the budget in FY 2012-13. The major highlights in the operations and maintenance portions of the budget include:

- (Line 8) The number of person years (PY's) is expected to remain flat from the FY 2012-13 budget, the PY billing rate is estimated to be about 3% lower. As a result, the toll collections and operations costs are projected to slightly lower from last year. While BATA and Caltrans staff will continue to seek opportunities to reduce the lane staffing costs, significant further changes in manual toll collection staffing are not expected unless there are substantial changes to the toll bridge lane operations.
- (Line 9) For FY 2013-14, staff is proposing a total budget of \$7.9 million for Caltrans maintenance activities, which is the same as the FY 2012-13 budget.
- (Line 13a) For FY 2013-14, staff is proposing a total budget of \$22.2 million for the operation of the FasTrak<sup>®</sup> Customer Service Center (CSC), which is \$3 million more than the adopted budget for FY 2012-13. Approximately \$1.8 million of the increase is due to the continued increase in FasTrak<sup>®</sup> accounts and \$1.2 million of the increase is for the reimbursable cost of the AET program implemented at the Golden Gate Bridge. At present, FasTrak<sup>®</sup> accounts for about 75% of transactions during the morning commute periods and about 60% of total transactions on the bridges.
- (Line 13d) Staff is requesting an approximate \$314,000 increase for ATCAS hardware and software maintenance. Next year, there will be a maintenance overlap as the new ATCAS II toll collection and accounting system roll out is completed for all the bridges. This work is expected to be completed by the middle of FY 2013-14.

**Toll Bridge Administration and Transfers Expense (Lines 16 through 43)**

- (Line 22) For FY 2013-14, a total of about \$27 million is budgeted for BATA’s Toll Bridge Administration costs which represents an 11% decrease from the FY 2012-13 budget. The direct staff costs (line 16) includes a conversion of a project based position to a regular position. The financing costs (line 17) decreased by \$3.7 million mainly due to a reduction of \$9.7 million in commitment and remarketing fees for the variable bonds and an increase of \$6 million for new debt issuance costs.
- (Lines 29 to 41) Remaining portions of the operating budget maintain BATA’s existing programs, transfers and reserves. The transfer to the Bay Area Infrastructure Financing Authority (BAIFA) for the SPANs Bonds (line 34) will increase by \$135 million and is the final payment on the SPANs to BAIFA. The debt service (line 36) includes \$60 million of interest expense for new debt.

**C. FY 2013-14 Capital Budget**

**Express Lanes**

The FY 2013-14 BATA capital budget includes the Express Lanes program. The FY 2013-14 budget implements Tier 1 of the Bay Area Express Lane Network. In prior years, the budget for express lanes was included in the BATA Toll Bridge Rehabilitation budget. Beginning in FY 2013-14, funds budgeted by BATA will be assigned to contracts and managed by BAIFA.

The Express Lanes program Tier 1 budget is summarized in Table 3 below and includes two new positions. The budget anticipates funding in FY 2013-14 through FY 2017-18 for conversion of existing HOV lanes to express lanes on I-680 in Contra Costa County, I-880 in Alameda County, I-80 in Alameda, Contra Costa and Solano counties, and the approaches to the Bay Bridge, San Mateo Bridge, and Dumbarton Bridge.

**Table 3  
Express Lanes Program Tier 1 Summary**

Project	FY 2013-14 Allocation (millions)	Life to date FY 2017-18 Total (millions)*	Notes
Program Management	\$6.1	\$20.8	
Toll System	\$68.5	\$104.1	Anticipates entering into a contract in FY 2013-14 for implementation of 90 miles of express lanes on CC-680, ALA-880, SOL-80 and the Bridge Approaches.
Civil Projects (construction, support and right-of-way)	\$21.3	\$166.3	Environmental and design for CC-680, ALA-880, the Bridge Approaches, and ALA/CC-80. Limited support for SOL-80, for which RM2 funding is available for these phases.
Operations and Maintenance	\$0	\$15.0	One-year of operations for each Tier 1 corridor.
<b>Total</b>	<b>\$95.9</b>	<b>\$306.2</b>	

\*The BATA Rehabilitation Budget included additional funds in the amount of \$20 million for express lanes not represented in Table 3.

**Toll Bridge Seismic Retrofit Program**

At this time, the Toll Bridge Program Oversight Committee (TBPOC) recommends no change to the overall Toll Bridge Seismic Retrofit program. Future budget changes are anticipated in FY 2013-14 for a forthcoming competitive bid for a demolition contract and as the Antioch and Dumbarton Bridge Seismic Retrofit Projects are closed out. The TBPOC also anticipates that, if necessary, the high strength rod repairs for the Self-Anchored Suspension Span could be funded by existing project contingencies.

For FY 2013-14, the TBPOC has recommended a support budget allocation of \$62.4 million for Caltrans on-going construction oversight and design support costs. This represents a 30% reduction from the FY 2012-13 support budget of \$89.5 million. The reduction represents progress being made on the east span projects as the bridge approaches completion and completion of the Dumbarton Bridge Retrofit project. However, on-going staffing is needed to demolish the old east span and to close-out remaining contracts.

**Table 4  
FY 2013-14 Seismic Retrofit Program Capital Outlay Support Allocations**

Project	Support Allocation (millions)	Notes
SFOBB East Span Replacement	\$62.0	On-going design, construction, and inspection support for SAS, Demolition and other contracts
Dumbarton Bridge Retrofit	\$0.4	Construction oversight support and Close-out costs
Seismic Retrofit Program Total	\$62.4	

**Toll Bridge Rehabilitation Program**

The BATA Toll Bridge Rehabilitation Program is a financially constrained program that uses funds to address the immediate needs of the bridge and related projects to maintain the safe and efficient operation of the bridges and its facilities. BATA has worked with Agency and Department management to analyze the program and establish an asset management plan for the toll bridges. Staff jointly identified bridge needs and evaluated the eligible rehabilitation projects based on the type of project and current condition of the bridges. Proposed allocations are summarized in Table 5 below. BATA and Caltrans are currently in discussions over the program and will present a revised program to the Authority for allocation in June.

**Table 5  
Toll Bridge Rehabilitation Program Allocation Summary**

	Capital Outlay Construction Allocations	Capital Outlay Support Allocations
Caltrans Rehabilitation Projects	\$101.2	\$20.6
BATA Rehabilitation Projects	\$77.3	\$0.0
Total	\$178.5	\$20.6

**Reserve Designations**

The Authority’s approval of the 2012-13 Plan of Finance (BATA Resolution No. 103) approved April 25, 2012, designated BATA’s reserves status to help BATA maintain operations through various emergency scenarios without the need for toll increases. The reserve designations are as follows:

	Funding
Project/self insurance reserve (SIR)	\$580 million
2 years rehabilitation funding	\$120 million
2 years operations & maintenance	\$150 million
Emergency reserve (Co-op)	\$50 million
Variable rate risk reserve	<u>\$100 million</u>
Total	\$1,000 million

**Recommendation**

This draft budget is presented for the Committee’s information. Staff will present the final budget for approval of the Authority in June.




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Andrew B. Fremier

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**Attachment A**  
**BATA Operating Budget**  
**Revised FY 2012-13 Budget Estimates and Draft FY 2013-14 Budget**

Line #		FY 2012-13	FY 2012-13	% Change	FY 2013-14	% Change
		Adopted Budget	Revised Estimate	to Adopted FY 2012-13	Proposed Budget	to Adopted FY 2012-13
	<b>REVENUE</b>					
1a	4320 RM 1 & Seismic Toll Revenues	\$530,415,155	\$531,440,681	0.19%	\$529,816,181	-0.1%
1b	4320 RM 2 Toll Revenues	\$115,170,000	\$116,209,820	0.90%	\$115,741,820	0.5%
2a	4800 RM 1 Interest Earnings	\$5,073,160	\$3,589,519	-29.24%	\$3,510,525	-30.8%
2b	4800 RM 2 Interest Earnings	\$1,000,000	\$750,000	-25.00%	\$750,000	-25.0%
3	Other revenue (Violations)	\$10,000,000	\$13,000,000	30.00%	\$10,000,000	0.0%
4a	4327 GGB&HTD ETC Reimbursement	\$4,968,000	\$4,968,000	0.00%	\$6,545,000	31.7%
4b	Alameda CMA Reimbursement	\$150,000	\$110,000	-26.67%	\$137,000	-8.7%
4c	VTA 237 Express lane Reimbursement	\$82,800	\$80,000	-3.38%	\$116,000	40.1%
4d	SFO Airport Reimbursement	\$376,000	\$370,000	-1.60%	\$402,000	6.9%
5	Rebate for Build America Bonds	\$76,561,538	\$76,561,538	0.00%	\$76,561,538	0.0%
6	Caltrans (SPANs)	\$165,000,000	\$165,000,000	0.00%	\$300,000,000	81.8%
7	<b>Total Revenues</b>	<b>\$908,796,653</b>	<b>\$912,079,558</b>	<b>0.36%</b>	<b>\$1,043,580,064</b>	<b>14.8%</b>
	<b>EXPENSES</b>					
8	Caltrans Operations and Maintenance					
9	6012 Toll Collection & Operations Services	\$21,150,000	\$21,150,000	0.00%	\$20,800,000	-1.7%
10	6013 Toll Bridge & Facility Maintenance (Category A&B)	\$7,900,000	\$7,900,000	0.00%	\$7,900,000	0.0%
11	6011 Caltrans Coordination	\$321,000	\$162,928	-49.24%	\$321,000	0.0%
12	6009 Caltrans ETC Operations	\$8,000	\$8,000	0.00%	\$3,000	-62.5%
	<b>Caltrans Operations and Maintenance Subtotal</b>	<b>\$29,379,000</b>	<b>\$29,220,928</b>	<b>-0.54%</b>	<b>\$29,024,000</b>	<b>-1.2%</b>
13a	BATA Operations and Maintenance					
13b	5300 ETC - CSC Operations	\$19,107,000	\$19,107,000	0.00%	\$22,175,000	16.1%
13c	5312 ETC - Banking/Credit Card Fees	\$11,040,000	\$11,041,069	0.01%	\$10,900,000	-1.3%
13d	6009 ETC - ATCAS Facility and In-lane Maintenance	\$3,400,000	\$3,414,330	0.42%	\$3,141,000	-7.6%
13e	5201 ETC - ATCAS Hardware/Software Maintenance	\$1,449,000	\$1,000,000	-30.99%	\$1,763,000	21.7%
14	ETC - Collections Contract/DMV Expense	\$1,250,000	\$1,337,965	7.04%	\$1,400,000	12.0%
	<b>BATA Operations and Maintenance Subtotal</b>	<b>\$36,246,000</b>	<b>\$35,900,364</b>	<b>-0.95%</b>	<b>\$39,379,000</b>	<b>8.6%</b>
15	<b>Toll Bridge Operations and Maintenance Total</b>	<b>\$65,625,000</b>	<b>\$65,121,292</b>	<b>-0.77%</b>	<b>\$68,403,000</b>	<b>4.2%</b>
16	Toll Bridge Administration					
17	5000/99 Direct Staff Costs	\$8,708,870	\$8,126,352	-6.69%	\$8,947,644	2.7%
18	5312 Financing Costs	\$18,616,920	\$17,350,443	-6.80%	\$14,931,279	-19.8%
19	5901 Audit/Accounting/Other	\$2,079,922	\$2,000,000	-3.84%	\$2,085,000	0.2%
20	5751 Business Insurance	\$500,000	\$500,000	0.00%	\$525,000	5.0%
21	6011 Misc. Toll Administration Operating Expense	\$500,000	\$500,000	0.00%	\$500,000	0.0%
22	5703 CTC TBPOC Oversight Committee Reimbursement	\$555,000	\$555,000	0.00%	\$450,000	-18.9%
	<b>Toll Bridge Administration Subtotal</b>	<b>\$30,960,712</b>	<b>\$29,031,795</b>	<b>-6.23%</b>	<b>\$27,438,923</b>	<b>-11.4%</b>
23	Consultant Contracts/Other					
24	5300 ETC Marketing	\$750,000	\$750,000	0.00%	\$800,000	6.7%
25	5300 Toll Plaza Traffic Operations Analysis	\$500,000	\$500,000	0.00%	\$500,000	0.0%
26	5300 RM 2 Project Monitoring - Capital & Ops. Program	\$500,000	\$500,000	0.00%	\$400,000	-20.0%
27	5300 BATA 1 Contract Contingency	\$500,000	\$500,000	0.00%	\$500,000	0.0%
28	5300 RM 2 Contract Contingency	\$500,000	\$500,000	0.00%	\$500,000	0.0%
	<b>Consultant Contract/Other Subtotal</b>	<b>\$2,750,000</b>	<b>\$2,750,000</b>	<b>0.00%</b>	<b>\$2,700,000</b>	<b>-1.8%</b>
29	Transfers to MTC/SAFE/Others					
30	8934 1% Administration	\$6,516,583	\$6,649,900	2.05%	\$6,498,185	-0.3%
31	5300 RM2 Marketing/Studies		0			
32	RM 2 marketing	\$3,000,000	\$3,000,000	0.00%	\$1,900,000	-36.7%
33	Disaster Preparedness	\$200,000	\$200,000	0.00%	\$150,000	-25.0%
34	6018 Transbay Transit Terminal Maintenance	\$4,088,691	\$4,000,000	-2.17%	\$4,231,795	3.5%
35	Transfer to BAHA	\$357,486	\$357,486	0.00%	\$0	-100.0%
36	Transfer to BAIFA (SPANs)	\$165,000,000	\$165,000,000	0.00%	\$300,000,000	81.8%
	<b>Transfers to MTC/SAFE Subtotal</b>	<b>\$179,162,760</b>	<b>\$179,207,386</b>	<b>0.02%</b>	<b>\$312,779,980</b>	<b>74.6%</b>
36	<b>Debt Service</b>	<b>\$495,523,354</b>	<b>\$495,523,354</b>	<b>0.00%</b>	<b>\$548,618,303</b>	<b>10.7%</b>
37	8000 RM2 Transit Operating	\$43,764,600	\$44,159,732	0.90%	\$43,981,892	0.5%
38	Transfer to Capital Fund (In) Out					
39	8000 Capital Transfer	\$40,536,742	\$45,812,514	13.01%	\$37,407,966	-7.7%
40	6900 Furniture/Equipment	\$50,000	\$50,000	0.00%	\$150,000	200.0%
	<b>BATA RM 1 Capital Reserves (In)Out</b>	<b>\$40,586,742</b>	<b>\$45,862,514</b>	<b>13.00%</b>	<b>\$37,557,966</b>	<b>-7.5%</b>
41	Contribution to BAHA	\$48,423,485	\$48,423,485	0.00%	0	-100.0%
42	5790 Provision for Depreciation/Amortization	\$2,000,000	\$2,000,000	0.00%	\$2,100,000	5.0%
43	<b>Total Expenses</b>	<b>\$908,796,653</b>	<b>\$912,079,558</b>	<b>0.36%</b>	<b>\$1,043,580,064</b>	<b>14.8%</b>